



## ASX RELEASE

ASX : ARM  
18 October 2013

### Major Diversified Western Australian Minerals Explorer

- **Copper**
- **Manganese**
- **Base metals**
- **Gold**
- **Iron ore**
- **Nickel**

37% owner of  
Desert Mines and Metals  
Limited  
(ASX Listed)  
Molybdenum and Tungsten  
Exploration – South Korea  
Diversified Minerals  
Exploration – Western  
Australia

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## QUARTERLY ACTIVITIES REPORT ENDING 30 SEPTEMBER 2013

- At the Glenburgh Prospect, WA (Aurora Minerals 100%), several campaigns of prospecting, sampling and reconnaissance mapping undertaken.
- Several anomalies for base metals, gold and magnetite iron identified for possible follow up.
- New project assessment continues with the support of corporate advisers Miro.
- Cash at bank ~\$9.85m at end of the quarter.
- R&D claim for approximately \$300,000 due to be lodged in November.

### Desert Mines and Metals Limited (ARM 37%)

- Daehwa Project - Mining permission has recently been granted by the Chungbuk Provincial Government over the molybdenum-tungsten (Mo-W) Tenement 76166.
- Scoping Study commenced to investigate early development options including trial mining/bulk sampling, infrastructure requirements, off-take and financing options and community and government liaison.
- The latest 1900m diamond drilling program has intersected narrow intervals of visual moderate-high grade molybdenum mineralisation along with broader intervals of low grade mineralisation. Assays pending.
- The results of additional sampling undertaken by Desert of selected intervals from the three 2012 diamond drill holes drilled by KORES highlight:
  - Multiple intervals of high grade ( > 0.4% Mo) over narrow intervals (0.5-1M) consistent with the type of mineralisation mined in the historic workings located above the drill intercepts; and,
  - Multiple intervals of broader lower-moderate grade molybdenum mineralisation (0.05% - 0.25% Mo) over 3-10M downhole widths

## Glenburgh Project

The Glenburgh Project is located in the southern Gascoyne Province of central Western Australia (Figure 1).

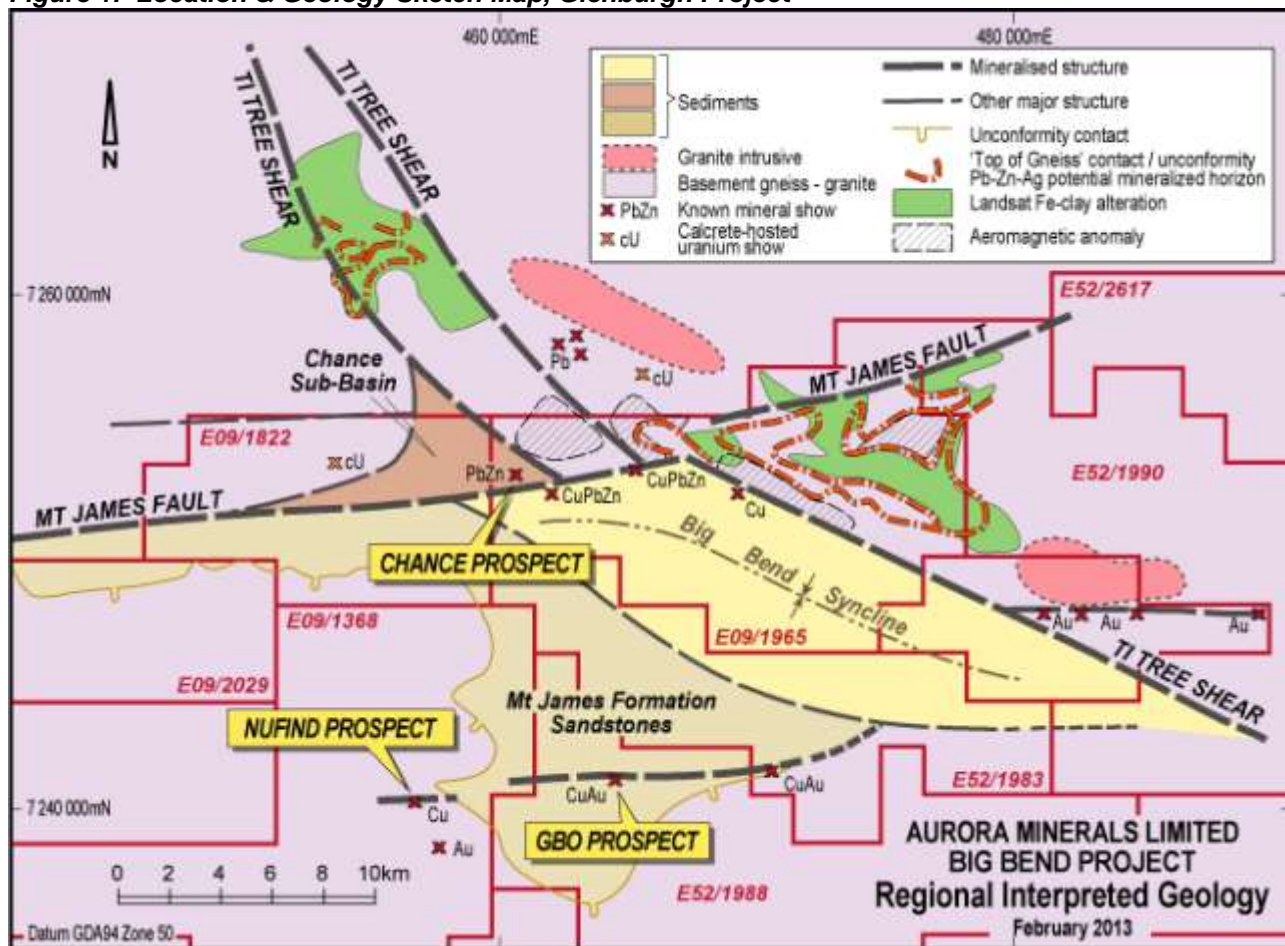
The northern part of Aurora's large Glenburgh Project covers the easternmost 22kms of the East-West trending Mt James Fault which forms a linking structure eastwards from the NW-SE Chalba Shear to the parallel NW-SE Ti Tree Shear, a strike length of 42kms. The Ti Tree Shear is a major through-going structure in the Proterozoic-aged Gascoyne Province and is associated with mineralisation along its length, as is the shorter Chalba Shear.

As it approaches the Ti Tree Shear, the Mt James Fault widens to a 4km wide "corridor" with defined northern and southern "edges" enclosing a deep sedimentary basin of calcareous and siliceous sediments of probable mid-Proterozoic age, interpreted to be equivalent to the Irregularly Formation of the Bangemall Basin.

In the east-centre of this basin (referred to below as the Chance Basin) is the Chance Lead Prospect.

During the quarter, prospecting continued West of the Chance Gossan Prospect and commenced over the Flint Hill tenement. A ground EM survey at the Velvet Monkey prospect failed to confirm the airborne VTEM anomaly.

**Figure 1: Location & Geology Sketch Map, Glenburgh Project**



## Chance Gossan Prospect

Surface sampling of magnetic piesolites was carried out across anomalous zones outlined from the MMI soil sampling program reported on last quarter. This was designed to test the effectiveness of magnetic piesolite sampling versus the MMI soil sampling techniques. The assay results from the magnetic piesolites showed excellent correlation with the MMI survey (Table 1). Barium assays were very high with a maximum of 9300ppm over a background of less than 1000ppm. Lead, zinc and chromium were also elevated.

Rock-chip samples, mainly of ironstone rubble (there being no bedrock exposure in the Chance Basin) reported generally elevated Pb and Zn with one sample of nodular calcrete assaying 4.03% Ba (Table 2). All results from the Chance prospect are being evaluated to determine further exploration.

**Table 1: Magnetic Piesolite samples – Chance Prospect**

Sample Number	Prospect	Easting MGA	Northing MGA	Ag ppm	Ba ppm	Cr ppm	Cu ppm	Fe ppm	Pb ppm	Zn ppm
293833	Chance Regional	456800	7252650	0.12	6510	631	18.8	507000	183	145
293834	Chance Regional	456800	7252700	0.11	8420	582	21.2	459000	151	180
293835	Chance Regional	456800	7252750	0.1	4200	442	20.4	451000	98.7	93.5
293836	Chance Regional	456800	7252800	0.09	3010	381	17.8	400000	82.7	72.8
293837	Chance Regional	457200	7252550	0.13	9130	676	13	441000	131	171
293838	Chance Regional	457200	7252589	0.11	8830	612	20.5	400000	113	173
293839	Chance Regional	458800	7253299	0.11	7970	402	27.8	395000	99.3	165
293840	Chance Regional	458800	7253399	0.1	5080	381	20.4	376000	80	108
293841	Chance Regional	458800	7253250	0.11	8230	365	23.3	362000	82.5	158
293842	Chance Regional	457647	7252621	0.1	7490	485	21	427000	97.1	149
293843	Chance Regional	459394	7254632	0.06	936	268	0	436000	136	25
293844	Chance Regional	459166	7253009	0.12	6850	476	10.7	416000	106	128
293845	Chance Regional	458004	7254955	0.08	5210	729	16.9	372000	104	120
293846	Chance Regional	457600	7254202	0.1	4360	784	10.5	402000	106	87.4
293847	Chance Regional	456804	7254499	0.09	109	902	11.4	428000	93	19.2
293848	Chance Regional	455597	7252490	0.12	3880	571	30.9	486000	127	91.1
293849	Chance Regional	455589	7252402	0.12	2510	477	24.5	460000	111	64.4
293850	Chance Regional	455209	7252490	0.1	444	379	14.5	433000	103	31.8
293851	Chance Regional	455303	7252354	0.11	1650	376	15.1	449000	90.9	42.3
293852	Chance Regional	455210	7252849	0.09	7430	657	19.5	373000	129	144
293853	Chance Regional	455993	7253159	0.09	1520	848	14	398000	103	39.9
293854	Chance Regional	460007	7253502	0.15	7320	480	21.3	485000	126	141
293855	Chance Regional	461412	7253407	0.11	1760	429	13.8	448000	83.9	49.9
<b>Original piesolite sampling at Chance Gossan:</b>										
288832	Chance Gossan	460606	7253062	1.38	378	548	12.9	334000	468	33.7
288838	Chance Gossan	460632	7253100	0.87	202	466	14.7	290000	178	46.4
288840	Chance Gossan	460564	7253082	0.77	545	512	45.4	340000	1170	187
290045	Chance Gossan	460708	7253073	0.11	246	658	6.8	365000	1030	32.3
Note:										
Datum used GDA94 zone 50										
All samples are of local surface accumulations of magnetic piesolites										

## Flint Hill, E52/2891 (application)

The Flint Hill area is on the northwestern edge of the Glenburgh Project and consists of mid-Proterozoic Bangemall sediments filling a rift, syncline or basin in older Gascoyne basement gneiss; a similar geological setting to that at Chance. Targets are Sedex Pb-Zn-Ag in carbonates in the basin and Cu-Au on bounding faults.

Field inspection revealed that much of the area is covered with residual laterites, transported laterites and extensive areas of ferricrete and calcrete. The southern edge of the basin is fault controlled with quartz veining extending over its 20km strike. First-pass rock-chip, soil and lag sampling results did not identify obvious mineralisation.

**Table 2: Rock-chip samples from Chance Prospect**

CHANCE BASIN ROCK-CHIPS											
Sample Number	Prospect	Easting MGA	Northing MGA	Comments	Ag ppm	Ba ppm	Cr ppm	Cu ppm	Fe ppm	Pb ppm	Zn ppm
293797	Chance Regional	458233	7253088	Goethitic limonitic ironstone float	0.13	2330	74	170	385000	51.7	165
293798	Chance Regional	458233	7253088	Magnetic ironstone rubble	0.13	5250	585	8.3	449000	106	103
293799	Chance Regional	458203	7253048	Goethitic limonitic ironstone float	0.1	3320	60	71.2	299000	48.5	144
293800	Chance Regional	456800	7254103	Goethitic limonitic ironstone float	0.08	3470	29	39.4	251000	35.5	120
293901	Chance Regional	458800	7253200	Ironstone rubble	0.1	6350	85	67.1	333000	166	330
293902	Chance Regional	458400	7253100	Ironstone rubble	0.1	1930	44	103	345000	40.3	251
293903	Chance Regional	459681	7253215	Calcrete/magnesite with manganese concretions	0.01	40300	42	0.6	2820	16.8	659
293904	Chance Regional	459172	7254511	Sandy ferruginous ironstone/laterite	0.02	1470	32	8.6	119000	40.7	29
293905	Chance Regional	459199	7254543	Sandy ferruginous ironstone/laterite	0.02	1230	31	18.9	152000	61.8	25.9
293906	Chance Regional	458596	7254908	White granular calcrete/magnesite	0.05	476	17	7.4	11300	6.2	13
293907	Chance Regional	458574	7254923	White and blue opaline silica	0	233	20	1.5	5110	1.2	7
293908	Chance Regional	458802	7254997	Opaline silica rubble	0	840	11	4.5	7450	2.9	19.1
293909	Chance Regional	458386	7254889	Recemented calcrete/magnesite	0.02	758	46	23.6	36800	19.2	22.7
293910	Chance Regional	458601	7254601	Opaline silica rubble	0	57.1	7	2.6	2600	0	3.4
293911	Chance Regional	458001	7254958	Grey opaline silica float	0.02	910	17	4.8	6240	20.6	28.2
293912	Chance Regional	456766	7254329	Recemented calcrete with pale green mineral-smectite	0.08	333	59	22.2	32000	11.2	28.7
293913	Chance Regional	456799	7253551	White calcrete	0	228	5	0	4230	14.9	4.6
293914	Chance Regional	460007	7253502	Coarse angular ironstone float	0.07	1520	48	247	390000	75.5	121
293915	Chance Regional	460826	7253385	Craggy recemented calcrete with abundant Fe coats and fracture fills	0.02	86.6	2	0.9	2830	1.7	3.1

Note:

Datum used GDA94 zone 50

## Velvet Monkey Prospect

A ground EM survey conducted during the quarter did not replicate the discrete VTEM anomalies identified in a re-evaluation of the original airborne geophysical survey data.

## Camel Hills Joint Venture (CHJV) (Aurora 49% / Desert 51%)

Following the reverse circulation drill programs at Main Grid gold and Innouendy copper-nickel prospects in the March quarter, there has been no further field exploration activity.

Rehabilitation of drill sites is currently in progress.

The JV has undertaken tenement rationalisation in the CHJV area but is seeking to retain the Main Grid gold and Innouendy copper-nickel prospects plus the large block in the south covering the Far West and CN2 copper-nickel prospects and the adjoining (Bean Counter) magnetite-iron prospects.

Desert has been granted Western Australian Department of Mines and Petroleum Exploration Incentive Scheme co-funding for further drilling at Innouendy where the second, deeper EM anomaly remains untested.

## **Background on Camel Hills Joint Venture, Western Australia**

Camel Hills is a large project covering some 1,200km<sup>2</sup> in the southern Gascoyne Region of Western Australia. The project covers part of the north-western margin of the Archaean Yilgarn Craton and adjacent Proterozoic Errabiddy Shear Zone. Desert has a 51% participating interest in the JV from Aurora Minerals Limited (49%).

## **Glass Earth Joint Venture (Aurora 30%)**

During the quarter, the Company was advised by its joint venture partner, Glass Earth Limited, that Glass Earth had disposed of its interest in several prospecting permits in the Otago region of New Zealand. As a result, the joint venture agreement in which Aurora held a 30% interest in one of the prospecting permits, had been terminated.

## **Corporate**

Aurora's cash position was approximately \$9.85m at the end of the quarter. The company plans to lodge a claim for approximately \$300,000 for research and development activities carried out in 2011/2012 in relation to the Glenburgh Project.

## **DESERT MINES AND METALS LIMITED (Aurora - 37% equity interest)**

### **Daehwa Project**

The Daehwa Project is located about 100 km southeast of Seoul in Chungbuk Province in Central South Korea (Figure 2). The Daehwa Project contains two former narrow vein underground molybdenum /tungsten mines, Daehwa and Donsan. It is comprised of three Mining Rights with granted tenure, subject to performance conditions, until 2027-2028.

Activity during the quarter comprised:

- completion of a 4 hole 1,940m diamond drill programme testing the hangingwall mineralised positions and below the historic workings. The latest diamond drilling has intersected narrow intervals of moderate-high grade visual molybdenum mineralisation along with broader intervals of low grade mineralisation. Sample preparation and assaying has commenced and results will be available in the December quarter
- Additional sampling and selected re-sampling of intervals from the three 2012 diamond drill holes drilled by KORES undertaken by Desert resulting in:
  - Multiple intervals of high grade (> 0.4% Mo) over narrow intervals (0.5-1M) This is consistent with the type of mineralisation mined in the historic workings located above the drill intercepts; and,
  - Multiple intervals of broader lower-moderate grade molybdenum mineralisation (0.05% - 0.25% Mo) over 3-10M downhole widths

*(full details provided in ASX announcement dated 12 September 2013):*

- The detailed logging of the core from the 2012 and 2013 drill programmes by SMCL has led to the identification of a flat lying easterly dipping zone of strong chlorite alteration with associated low to moderate grade scheelite mineralisation that had not been previously identified at Daehwa
- Mining permission has recently been granted by the Chungbuk Provincial Government over the molybdenum-tungsten (Mo-W) Tenement 76166

- Commencing a scoping study to investigate the early development of the Daehwa Mine. Among other matters the study will consider:
  - Trial mining and bulk sampling options including detailed costing
  - Optimal strategy for re-accessing historic underground workings
  - Potential investment and off-take arrangements with strategic Korean parties
  - Early mine development opportunities, including drilling and underground sampling requirements in order to generate sufficient resources for an orderly development of the project
  - Infrastructure requirements, including power, water and waste disposal
  - Community and government liaison

Desert has collected a 100kg sample of selected higher grade molybdenum mineralisation specimens from an historic mullock stockpile for preliminary metallurgical testwork. The sample will be treated in Korea by a third party to determine if their processing technology is applicable.

The scoping study is expected to be completed by the end of December 2013.

**Figure 2: Daehwa Project – Location Map**



### **Background on Daehwa Project**

Exploration in South Korea is conducted through wholly owned Korean Resources Limited (“**KRL**”) and in turn its wholly owned subsidiary Suyeon Mining Company Limited (“**SMCL**”). SMCL has contractual rights to acquire the Daehwa Molybdenum/Tungsten Project. The Daehwa Project is located some 100km southeast of Seoul in Chungbuk Province in the Centre of South Korea. The Daehwa Project contains two former molybdenum /tungsten mines, Daehwa and Donsan. It is believed that the mines closed during a period of low

commodity prices and recent drilling confirms that the mineralisation extends well below and into the hangingwall of the historic workings. The Daehwa Project is comprised of three Mining Rights with granted tenure, subject to performance conditions, until 2027-2028.

## **Corporate (Desert)**

During the quarter as part of the restructuring of the Desert Board to reflect its new direction, Mr Sang Hong was appointed as a non-executive director of Desert with effect from 1 July 2013. Mr Hong is a qualified lawyer currently consulting to Herbert Smith Freehills in Melbourne. He has worked for several high profile legal firms including Clayton Utz and Minter Ellison. He has over 20 years' experience with Australia and South Korea related matters, being involved in several cross border transactions involving Australian companies investing in South Korea and representing many high profile South Korean conglomerates on outbound investment. He has also spent a number of years living in South Korea and during that time had considerable dealings with South Korean Government at all levels.

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Dr Robert Taylor  
Executive Director

*The information in this report that relates to Australian Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Robert S Taylor, a Member of The Institute of Materials, Minerals and Mining. Executive Director of Aurora Minerals Limited, Dr Robert Taylor is employed through his consulting company Able Kids Pty Ltd.*

*The information in this report that relates to Korean Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Daniel Noonan, a Member of The Australian Institute of Mining and Metallurgy. Mr Noonan is Chief Geologist for Korean Resources Limited.*

*Messrs Robert Taylor and Daniel Noonan have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Robert Taylor and Daniel Noonan consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

*The Companies' websites ([www.auroraminerals.com](http://www.auroraminerals.com) and [www.desertminesandmetals.com.au](http://www.desertminesandmetals.com.au)) are recommended reading for interested market watchers, brokers and investors. The websites contain information on the Companies' projects, project maps, a list of the Companies' announcements to ASX, information on Native Title ( including the tenement grant process and heritage surveys) legislative environments under which the Companies operate, Corporate Governance, a section on risks, many of which are common to exploration companies, and other useful information. A list of the Companies' announcements is also obtainable from the Australian Securities Exchange.*