



Monday 20 June 2005

The Manager  
Announcements  
Company Announcements Office  
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SYDNEY NSW 2000

## **Aurora Minerals enters Joint Venture on its Hazelbrook Project Northland Volcanic Zone New Zealand**

Aurora Minerals Limited (**ASX stock codes** ARM and ARMO, **NZX stock codes** ARM and ARMOA) is pleased to announce that it has entered into a joint venture with New Zealand company Emerald Mining Limited (“Emerald”) on Aurora’s large Hazelbrook epithermal gold project in the North Island of New Zealand.

Emerald is a part of the Auckland-based Emerald group of companies, a group with European financial connections and extensive investments in New Zealand including property development, power infrastructure and equipment, tourism and forestry. The Emerald group also has a dairy operation in the Hazelbrook area through Emerald Farming Limited.

Under the terms of the joint venture agreement Emerald may provide NZ\$10 million (approximately A\$9.5 million) for expenditure on Aurora’s Hazelbrook Project to earn a 50 % interest. Key terms are as follows:

### **Key Terms of the Aurora–Emerald Hazelbrook Joint Venture Agreement:**

- Emerald will provide an initial NZ\$2 million to the Hazelbrook Joint Venture for expenditure on the project over the next 12 months
- Emerald has the right to provide a further NZ\$2 million per year for each of the following 4 years to the Hazelbrook Joint Venture for expenditure on the project
- Emerald Mining will have earned a 50% interest in the Hazelbrook Joint Venture after providing a total of NZ\$10 million for expenditure. It may also choose to provide the NZ\$10 million to the Hazelbrook Joint Venture in advance of the 4 year timetable noted above.

- Aurora will not be required to contribute any funds until the NZ\$10 million is spent
- Aurora Minerals has the right to manage the Hazelbrook Joint Venture while it maintains a 50% or more interest and will have a casting vote on the joint venture operating committee while it maintains a 50% or more interest.
- Emerald may withdraw from the joint venture following the expenditure of the initial NZ\$2 million.

Following expenditure of Emerald's NZ\$10 million both Aurora and Emerald can each individually elect to contribute 50% of ongoing joint venture expenditure, or either party can elect to gradually dilute under a standard industry formula.

- Aurora and Emerald to negotiate a development joint venture agreement in the future if they discover a deposit which warrants preparation of a bankable feasibility study for mining.
- The joint venture incorporates all of Aurora's current Hazelbrook project comprising Prospecting Permit 39 270, covering 1013 square kilometres, and Exploration Permit 40 730 within it, and other permits the joint venturers agree from time to time.
- Under the Crown Minerals Act the joint venture is subject to the consent of the Minister responsible for administering the Act.

The directors of Aurora believe the joint venture provides a funding mechanism to advance exploration, especially the expensive drilling phase, and potentially future development of the project.

Emerald have commented: "We welcome this investment in the Hazelbrook Joint Venture with listed company Aurora Minerals in what is a promising epithermal gold exploration project with the potential to add value to our investors' global portfolio".

## **Background**

The new Hazelbrook Joint Venture will continue the exploration commenced by Aurora for a Martha-type epithermal quartz vein gold deposit at Hazelbrook. The Martha mine lies to the south of and in a similar geological setting to Hazelbrook, and has produced approximately 7.5 million ounces of gold to date at an average grade of approximately 7.4 g/t gold.

The Hazelbrook project is located in the Northland Volcanic Zone of New Zealand, which is on the "Pacific Ring of Fire" which is known to host large epithermal gold deposits of which Martha is one example.

Aurora commenced field exploration at Hazelbrook in October 2004 and is pleased with progress to date. The company's recent announcements include details of the discovery of surface gold in rock chip, soil and rock float sampling at the Backyard, Toolshed and Te Mata prospects.

The first stages of rock chip sampling and mapping produced encouraging grab sample results from epithermal quartz veins discovered at **Backyard prospect with assays up to 6.8g/t gold**. A previous float sample of vein quartz assaying **7.8g/t gold** has been sourced to Backyard.

The vein series at the **Backyard prospect** comprises at least 17 veins varying in width from a few centimetres to 1.2 metres with associated quartz boulders up to 2.5 metres in width. The zone has now been mapped over a strike of approximately 600 metres. To date only the western part of the quartz veins have been sampled to any degree. The vein series is approximately 150 metres wide in a north-south direction.

Approximately 2 kilometres to the west of **Backyard** Aurora recently announced discovery of a gold-in-soil anomaly from its surface work at the new **Toolshed prospect**, and recent work at the **Te Mata prospect**, located approximately 10 kms to the south of Backyard and Toolshed, is also showing encouragement with the identification of quartz veins and gold pathfinder elements in surface soil and rock samples.

### **Land Access Agreements**

Aurora Minerals is also pleased to announce that as part of the joint venture negotiations the Hazelbrook Joint Venture has concluded land access agreements with the landowner (Emerald Farming Limited) and with the occupier (Emerald Farming's contract dairy farmer) over Emerald Farming's large 550ha dairy farm. This farmland includes all of the current area of the **Backyard Prospect**. Under these land access agreements the landowner and occupier agree to allow the joint venture to drill the **Backyard Prospect** and to undertake development in the event of an economic discovery.

Terms of the landholder agreement include an option for the joint venturers to buy or take a licence over the land for a price based on fair market value and a minerals production royalty, which must be exercised if the Hazelbrook JV discovers an economic deposit and wishes to mine it.

Aurora engaged one of New Zealand's leading legal firms to advise on the joint venture agreement and land access agreements including legal and tax aspects and this process has been extensive in the preparation of the documents.

Drilling at Backyard remains subject to satisfying the other requirements of the Resource Management Act and Crown Minerals Act.

### **General Land Access Information**

Drilling or mining is subject to the provisions of the Resource Management Act and the Crown Minerals Act which includes requiring the Hazelbrook JV to enter access

agreements with relevant stakeholders including landowners and land occupiers, third party owners of non-precious minerals and consultation with Maori.

To date there has been good cooperation from local landholders for Aurora to conduct surface prospecting, and as noted above access agreements have been completed with the landowner and occupier of the **Backyard prospect**. Negotiations have also commenced with other landowners in other parts of the large project area.

A minerals search shows there is no other third party ownership of non-precious minerals over the Backyard quartz veins and further searches will be conducted more broadly to east and west.

Consultation has commenced with Maori groups in the area, and is expected to continue over the coming months. Aurora maintains a positive approach with respect to Maori consultation and plans for this to continue over the life of the project.

More information regarding land access and related information is contained on the Company's website at <http://www.auroraminerals.com/default.aspx?l=2&p=39>.

All going well, the joint venture hopes to have consents for drilling in some key areas of the Hazelbrook project towards the end of the year.

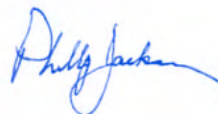
Meanwhile, surface prospecting and soil and rock chip sampling continues at Hazelbrook and further results should be available for release over the coming months.

Yours faithfully



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Garry O'Hara  
Executive Director



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Phillip Jackson  
Chairman

The information in this report that relates to 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 and Mr Garry P O'Hara, a corporate member of the Australasian Institute of Mining and Metallurgy.

Robert Taylor and Garry O'Hara are engaged on a full time basis by the Company.

Robert Taylor and Garry O'Hara 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'. Robert Taylor and Garry O'Hara consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **CONTACTS**

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