

16th October 2018

ASX MARKET RELEASE

**AUSMEX COMPLETES MAGNETOTELLURIC (MT) SURVEY AT BURRA
WITH INITIAL MODELLING IDENTIFYING 30 KM LONG SHALLOW
CONDUCTIVE DRILL TARGET**

- Ausmex & the University of Adelaide (UoA) have completed all sites of the 7,010 SQKM Magnetotellurics (MT) survey on schedule and on budget.
- Initial modelling by the UoA has already identified a 30 km long conductive drilling target located to the northeast of Burra.
- With only 14% of modelling completed to date, there is the potential to identify multiple Tier 1 IOCG targets within the remaining 86% of the Ausmex tenement suite.
- This result indicates that Ausmex can:
 - Target and locate one or more potential Tier 1 IOCG orebodies that may potentially underly the Burra region, as recently described by Independent Expert Prof Ken Collerson, (*Refer ASX announcement 4th October 2018*).
 - Define & locate the “other half” of the Monster Orebody, which has been interpreted as missing since the mid-1850s. The Burra Mine produced 2.7 million tonnes of copper ore (up to 7% Cu), in two major mining phases — 1845–1877 and 1970–81 (Drexel, 2008).
 - Discover repeats of The Monster Mine Orebody that were previously identified by the UoA (*Refer ASX 28th June 2017*).

Ausmex Mining Group (ASX: AMG) (“Ausmex” or “The Company”) is pleased to advise shareholders that currently fourteen percent of 3D modelling has been completed to date by the University of Adelaide with a large 30km long conductive drilling target already identified. This is extremely encouraging as there is still eighty six percent of the 3D modelling to be completed, including modelling around the Burra Monster Copper Mine and the Princess Royal high-grade copper and gold mine. More importantly the 3D modelling results are a “Proof of Concept” that the MT survey can identify large, near surface conductive drilling targets.

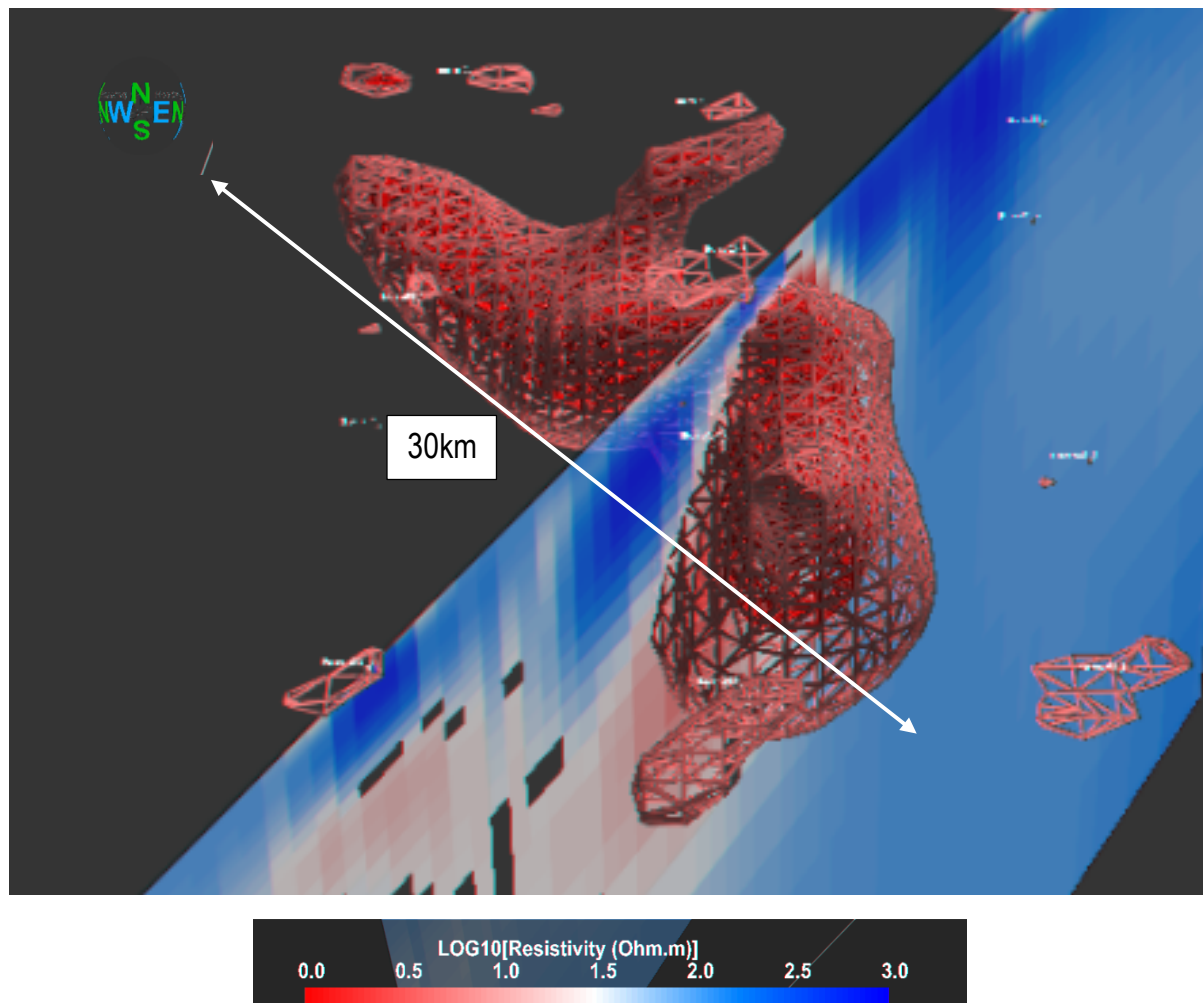


Figure 1 – Shows the initial modelling over a small section in the NE area of the Ausmex Exploration Licences and is a small component of what will be Ausmex’s final MT Model for Burra. This 3D Model has been prepared by the University of Adelaide (UoA) and shows a substantial conductive structure, the upper section of which appears to present a shallow drilling target. This conductive structure is an iso-surface wire-frame image at 5 ohm.m (the inner wire-frame in red is @ 1 ohm.m). This figure is projected facing north, with the conductive structure approximately 10 kms wide and 30 kms long.

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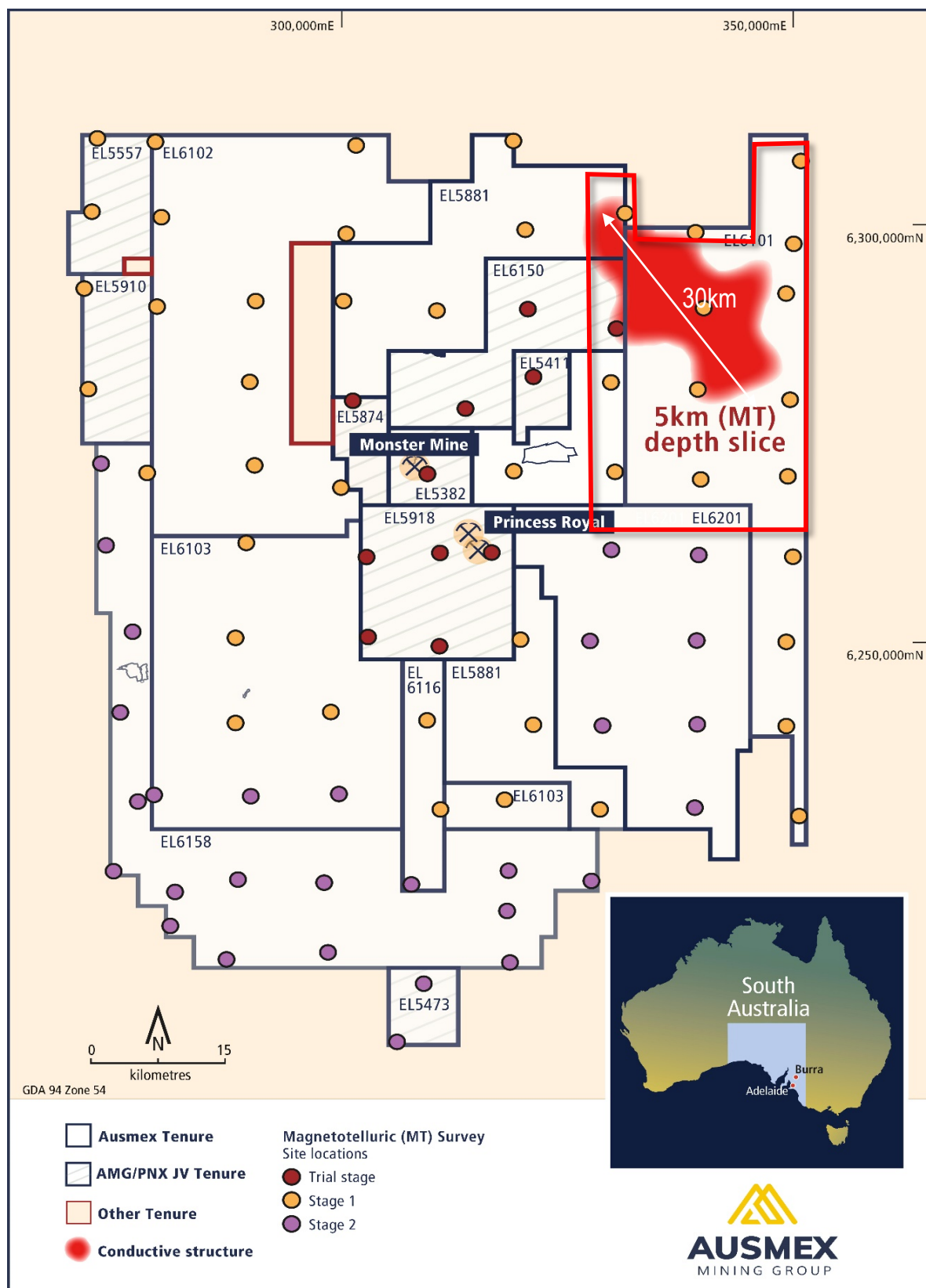


Figure 2 – Shows the location of this first conductive structure shown in Figure 1, which is the initial area modelled to date (red polygon) within the Ausmex Exploration Licences.

Ausmex Managing Director Matt Morgan stated:

“The content and definition in the initial 3D Image that the Company has received from UoA is spectacular. This was in an area of our Burra ELs where we were not expecting a major shallow conductive structure and we can’t wait to see the images that UoA will produce when they model the area where the known Burra mineralisation is located.

If similar 3D results are obtained closer to Burra, and we expect that they will be, we will be able to locate and understand the entire Burra story, particularly where we expect to see the other part of The Monster orebody and where we are targeting an IOCG that has fed the known mineralisation at The Monster Mine, the Princess Royal and the other outcrops through our area.

The 3D diagram in Figure 1 is the result of modelling the inputs from just 13 of our 92 MT sites, so this is only 14% of what we expect to receive. Our most prospective ground with known commercial mineralisation at surface is yet to be modelled, so shareholders can look forward to even more spectacular images over the coming weeks.

The complete model is expected to be available before our AGM in November and the company will be giving a detailed presentation to the SA Exploration & Mining Conference on December 7th.

The Company has always been confident that this ground-breaking MT Survey would produce drilling targets for a number of major deposits under cover at Burra and this initial result endorses our expectations.

I wish to thank Ausmex Director, Geoff Kidd and Burra Project Manager, Nicole Galloway Warland plus UoA leaders Professor Graham Heinson, Ben Kay & the UoA team for their foresight and dedicated efforts so far. Ausmex has a small, separate & focussed team located in South Australia dedicated to progressing our Burra tenements in a unique, practical and economic fashion. All of the work to date has been completed on time and within budget and I believe that this initial result is spectacular for the Company.

We think that this MT Grid exploration methodology is breaking new ground worldwide and we expect that the result may be ground-breaking for the Company and also for worldwide exploration for deposits that are under cover”.

Ends.

REFERENCES:

Drexel, J.F., 2008. Review of the Burra Mine Project, 1980–2008—a progress report. *South Australia. Department of Primary Industries and Resources. Report Book 2008/16.*

Forward Looking Statements

The materials may include forward looking statements. Forward looking statements inherently involve subjective judgement, and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and may be unknown to, the company.

Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on forward looking statements.

Any forward-looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, the company does not undertake any obligation to publicly update or revise any of the forward-looking statements, changes in events, conditions or circumstances on which any statement is based.

Competent Person Statement

Statements contained in this report relating to exploration results and potential are based on information compiled by Ms Nicole Galloway Warland, who is a member of the Australian Institute of Geoscientists (AIG). Ms Galloway Warland is a consultant Project Manager of Ausmex Mining Group Limited and Geologist who has sufficient relevant experience in relation to the mineralization styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral resources and Ore reserves (JORC Code 2012). Ms. Galloway Warland consents to the use of this information in this report in the form and context in which it appears.

JORC Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> MT Survey with stations arranged on 10km x 10km spaced grid. Readings/Measurements recorded over 24-48hour period. Remote station established at start of program with continuous reading for duration of program. <p>MT Equipment used:</p> <ul style="list-style-type: none"> Recording Unit: Wide Band Magnetotelluric Station LEMI-423 Magnetic Coils: Induction Coil Magnetometer LEMI-120 Electrodes: Pb-PbCl₂ <p>Calibration:</p> <ul style="list-style-type: none"> Each unit is synchronized with universal time clock through the GPS PPS signal Remote station established for calibration at start of program with continuous reading for duration of program <p>Readings:</p> <ul style="list-style-type: none"> Recording Unit: Recording at 1000 Hz Magnetic Coils: Frequency Band --> 0.0001 - 1000 Hz Electrodes: non polarised Pb-PbCl₂
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling is being reported
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling is being reported
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Not Applicable - No drilling is being reported Readings/measurements collected over 24-48hour period per site.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Not applicable – not reporting drilling results. Remote/base site established for program; with continuous readings for program duration Readings/measurements recorded over 24-48hours per site – appropriate for Survey.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<p>MT Equipment used:</p> <ul style="list-style-type: none"> Recording Unit: Wide Band Magnetotelluric Station LEMI-423 Magnetic Coils: Induction Coil Magnetometer LEMI-120 Electrodes: Pb-PbCl₂ Calibration: Each unit is synchronized with universal time clock trough the GPS PPS signal
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not applicable - not reporting on drilling results. All data is electronically stored, with peer review of data processing and modelling.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Each sample site has a Trimble GPS Bullet III antenna for receiving the GPS signal, +/- 2-5 m accuracy range per sample site depending on Satellite numbers Geocentric Datum of Australia (GDA 94) Zone 54
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. 	<ul style="list-style-type: none"> MT Survey was completed on 10km x 10km spaced grid. This spacing is optimal for level of exploration results reported.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Not applicable - not reporting on drilling results. MT Survey sites extend over full tenure on 10km x 10km spaced grid to achieve unbiased sampling.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All readings/geophysical measurements collected and stored on computer USB and transported by AMG/UoA personnel from collection sites to University of Adelaide for processing modelling.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Data collection, processing and modelling protocols aligned with academic and industry best practice.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The MT Survey was carrying over 15 exploration licences located in the Burra region of South Australia within the Adelaide Geosyncline EL6101, EL6102, EL6103, EL6116, EL6158, EL6201 & EL5881 are 100% owned by Ausmex Mining Pty Ltd (a wholly owned subsidiary of Ausmex Mining Group Limited AMG). EL5382, EL5411, EL5473, EL5557, EL5874, EL6150, EL5910 & EL5918 are held by PNX Metals Ltd – Ausmex Mining Pty Ltd (a wholly owned subsidiary of Ausmex Mining Group Limited) currently has the right to farm in for 60% and ultimately 90% JV with PNX. The geophysical survey was completed on freehold pastoral land; Native Title extinguished. Notice of Entry with continuous communication served to all landholders. Current land use is agriculture and grazing.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Exploration over the tenure has been conducted by several companies exploring for copper and/or gold in the area since 1845. PNX Metals (Phoenix Copper Limited) have held a significant portion of the ground since 2004.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Princess Royal: PNX Metals Ltd compiled JORC 2004 Inferred Mineral Resource in 2011 based on drilling completed between 2009-2011. Copper Range held the ground 2007-2009.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> AMG is primarily exploring for sediment hosted copper-cobalt -gold style mineralization in the Adelaide Geosyncline, South Australia. Copper-gold and Base metal mineralization is interpreted as Intrusive related, associated with structural and /or lithological contacts.
Drill hole Information	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> Not Applicable - No drilling is being reported. MT geophysical survey.
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Not applicable - not reporting drilling assays results. MT Geophysical Survey - 10km x 10km grid. MT readings/measurements collected over 24-48hour period per site.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Not applicable - not reporting drilling results. The MT Survey was completed on a 10km x 10km grid over all AMG controlled tenure.

Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> MT Survey location map showing AMG tenure and results are provided in Figure 1 & 2
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> MT measurements were recorded for all sites reported. Reporting is considered to be balanced
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Relevant geological information is reported in this announcement
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> The next phase of exploration will be continuation of MT processing and modelling (figure 2), reanalysis of regional geophysics, review of historic drilling at Princess Royal, with follow up geochemical sampling and infill ground geophysics.