

30 July 2019

ASX ANNOUNCEMENT

## ACTIVITY REPORT JUNE QUARTER 2019

### CORPORATE HIGHLIGHTS

- **Successful \$7 million Capital raising in oversubscribed share placement** (<sup>1</sup> Refer ASX release 2<sup>nd</sup> April 2019).

### EXPLORATION HIGHLIGHTS CLONCURRY QLD

- **Fast-tracking of extensive 15,000 metre drilling program at the Mt Freda Complex targeting high-grade Gold & Copper** (<sup>1</sup> Refer ASX release 4<sup>th</sup> & 24<sup>th</sup> April 2019).

### EXPLORATION HIGHLIGHTS BURRA SA

- **Additional AMT Modelling results identified large conductive plumes confirming further IOCG Prospectivity at mineable depths** (<sup>1</sup> Refer ASX Release 9<sup>th</sup> & 29<sup>th</sup> April 2019).



**Image 1.** High-grade gold resource definition drilling at the Golden Mile within the Mt Freda Complex, targeting a large mineral resource estimate amenable to a bulk mining open cut operation.

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.

## **INTRODUCTION**

Ausmex Mining Group Limited (“Ausmex” or “the Company”) Directors welcome shareholders to our June 2019 Quarterly Report. The company successfully raised AUD\$7 million in an oversubscribed share placement at the commencement of the June quarter, providing adequate funding to fast track an extensive exploration drilling program targeting the highly prospective gold, copper and cobalt prospects in the Cloncurry suite of tenements in QLD, ( including the Mt Freda Complex that hosts the high grade gold Mt Freda Open Cut Mine, and the large Golden Mile project), as well as the extensive copper-gold bearing Burra tenement holdings in South Australia. *(Refer ASX release 2<sup>nd</sup>, 4<sup>th</sup> & 24<sup>th</sup> April 2019; The Company is not aware of any new information that materially affects the exploration results).*

The Golden Mile is currently under a Joint Venture with Round Oak Minerals Limited, (80% Ausmex and 20% Round Oak Minerals), with an option for Ausmex to process all ore at the Round Oak Minerals Limited 600 ktpa CIP ore processing facility in Cloncurry, *(Refer ASX release 27<sup>th</sup> February 2018; The Company is not aware of any new information that materially affects the exploration results).*

Drilling commenced during the reporting period at both the prospective Cloncurry IOCG targets and the multiple out cropping, high-grade gold targets identified under historic gold mines within the Golden Mile and the Mt Freda Open Cut Mine. The first drilling results were released post the reporting period in early July 2019. These results continue to confirm the potential for the Mt Freda Complex that contains the Golden Mile to host both IOCG or ISCG copper and gold mineralisation associated with a deep conductive target, and deliver large, shallow gold mineralisation amenable to open cut mining. *(Refer post reporting period ASX releases on 1<sup>st</sup> 11<sup>th</sup> & 29<sup>th</sup> July 2019; The Company is not aware of any new information that materially affects the exploration results).*

The Company has simultaneously progressed the Burra, SA project during the June Quarter with additional AMT Modelling results identifying large conductive plumes confirming further IOCG prospectivity at mineable depths, and remains on program to work our way in from our approx. 7,000 sq. kms of exploration tenements (some thru the farm-in with PNx), by defining major structures at depth and refining those to identify initial drilling targets in the 4th quarter of 2019. *(Refer ASX releases on the 9<sup>th</sup> & 29<sup>th</sup> April 2019; The Company is not aware of any new information that materially affects the exploration results).*

## **JUNE QUARTER CORPORATE ACHIEVEMENTS**

### **\$7 million Over Subscribed Capital raising.**

Following the overwhelming reception from investors expressing an interest to participate in a capital raising via a share placement in Ausmex, the company received over subscriptions and raised \$7 million dollars via placing 58,333,336 additional new shares. The Placement was completed on 2<sup>nd</sup> April 2019 *(Refer ASX Release 2<sup>nd</sup> April 2019. The Company is not aware of any new information that materially affects the exploration results).*

<sup>1</sup>*The Company is not aware of any new information that materially affects the exploration results.*

The additional funds facilitated fast tracking exploration activities at both the highly prospective Burra project in SA, and an extensive at the Mt Freda Complex, Cloncurry QLD.

### **MARCH QUARTER ACHIEVEMENTS CLONCURRY QLD**

#### **Fast-tracking an intensive RC and Diamond Core 15,000 m drilling program.**

The Company assigned six drill rigs to several high priority targets during the quarter including:

- **Large IOCG (Ernest Henry style) or ISCG (Eloise style) targets.**

The Company dedicated diamond coring rigs, targeting areas of potential IOCG or ISCG mineralisation recently identified by the 3D geophysical modelling. These targets adjoin areas Newcrest Mining Limited (ASX: NCM) have recently drilled (*Refer ASX release 14<sup>th</sup> March & 8<sup>th</sup> May 2019. The Company is not aware of any new information that materially affects the exploration results*).



**Image 2.** IOCG Diamond core drilling at the Ausmex owned “Evening Star” IOCG target where results released post reporting period indicate that intersected gold and copper may be associated with a potential “Porphyry intrusion” at depth. (*Refer post reporting period ASX releases on 1<sup>st</sup> July 2019; The Company is not aware of any new information that materially affects the exploration results*).

- **High Grade Gold JORC (2012) resource definition.**

Additional exploration drill rigs were assigned to commence defining a maiden JORC

<sup>1</sup>*The Company is not aware of any new information that materially affects the exploration results.*



(2012) high grade mineral resource estimate on the Golden Mile as well as upgrading the historic (2004) mineral resource estimate at Mt Freda to a (2012) JORC estimate. Addition Diamond Core drilling commenced at both Mt Freda and the Golden Mile projects to obtain high Grade Gold core samples suitable for metallurgical test work and geotechnical interpretation to assist in any future mining and ore processing studies.

The Company will continue to advance the Cloncurry projects with six drill rigs engaged to further define IOCG or ICSG potential whilst simultaneously delineating high grade gold mineral resources at the Mt Freda Complex. The Company envisages a combined Maiden JORC Mineral Resource estimate to be completed before December 2019, with the aim of commencing scoping studies in early 2020 to assess the potential for a bulk mining open cut operation, with ore toll treated at nearby third-party processing facilities.



**Image 3.** Resource definition drilling underway at the Mt Freda Pit where Ausmex is targeting high grade gold under the immediate pit floor and upgrading the previous (2004) mineral resource estimate.

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.

## **MARCH QUARTER ACHIEVEMENTS BURRA, SA**

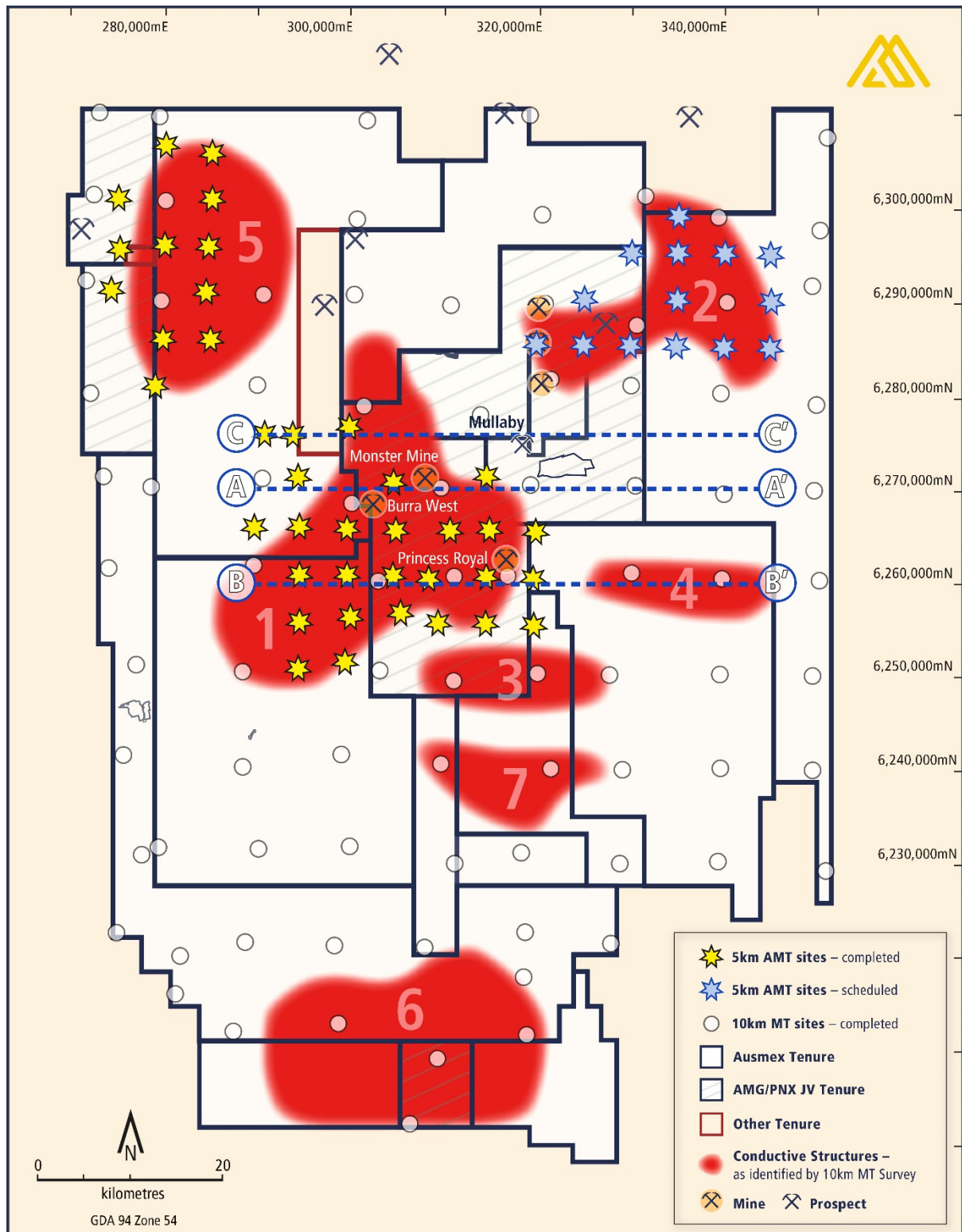
### **Burra Highlights**

- Audio-magnetotellurics (AMT) 2D inversion modelling over priority Target 1 at Burra Project (see Figure 3), continues to identify large conductive bodies with distinct 'plumes' leading up to the surface
- AMT confirms large shallow conductive anomaly approximately 400 m beneath the historic Princess Royal copper-gold deposit – 6,260,000mN (see Image 5).
- The Mullaby Prospect a discrete magnetic anomaly, previously identified and drilled by MIM in 1999 to a relatively shallow depth, is interpreted as a possible 5 to 8 kms wide mafic intrusive located approximately 400 m below surface. The plug like feature is defined by a distinct near-vertical AMT conductive structure – 6,275,000mN (see Image 5 & 6).
- Based on positive AMT 5km spaced gridded 2D interpretations the remaining priority targets (five out of seven) will be completed as soon as practical starting with priority 2 target in the north eastern area of the Burra project (Image 3); whilst investigations are planned to further define the structures that have been identified as described in this announcement.
- Even the smaller, shallow conductive structures as identified in Image 5 are interpreted as kilometer or multi km scale exciting potential drilling targets.

### **Burra Project**

2D inversion modelling by Zonge Engineering and Research Organization (Aust) Pty Ltd (Zonge) over priority Target 1 (Refer ASX release 9<sup>th</sup> & 29<sup>th</sup> April 2019 for initial results; *The Company is not aware of any new information that materially affects the exploration results*) define large conductive bodies with distinct 'plumes' continuing to surface. In some cases, these plumes come up under known surface mineralization, including the historic Monster Copper Mine & the Princess Royal Copper Mine (Image 5).

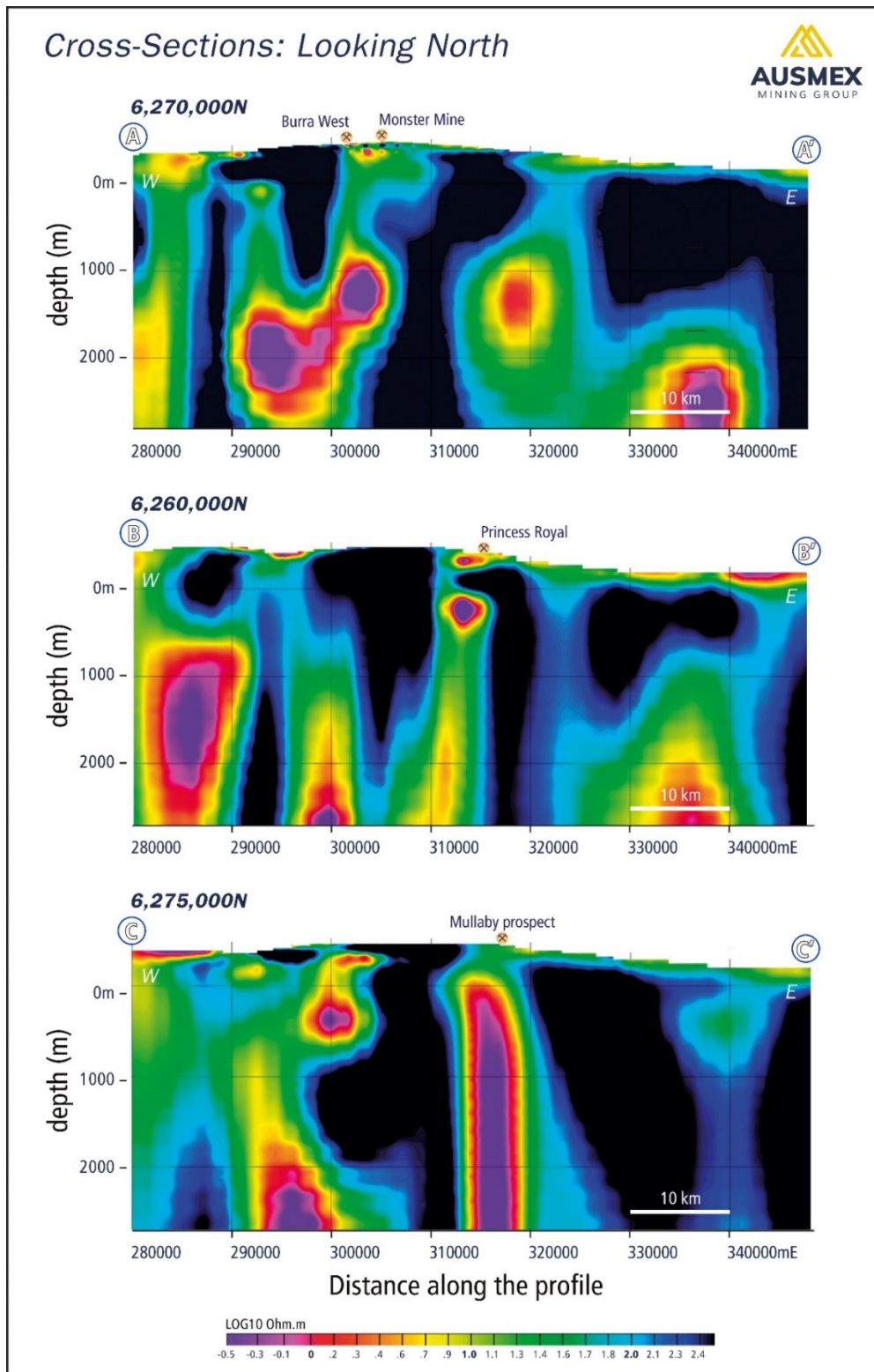
<sup>1</sup>*The Company is not aware of any new information that materially affects the exploration results.*



**Image 4.** Plan over the Burra Region showing the 5 km spaced grid focusing in on the priority conductive structures identified by the Company's previous 10 km grid MT survey. (Refer ASX Announcement 4 February 2019. The Company is not aware of any new information that materially affects the exploration results).

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.





**Image 5. Cross sections prepared by Zonge**, showing large conductive bodies with plumes coming to surface under known mineralization. Cross Section A-A' 6270000mN showing Burra Monster Mine; B-B' 6260000mN shows the historic Princess Royal Deposit with a large anomaly beneath that AMG interpret as potential primary sulphide mineralization; and; C-C' 62750000mN showing Mullaby Prospect exhibiting a discreet plug-like signature. (Refer ASX release 9<sup>th</sup> & 29<sup>th</sup> April 2019 for initial results; *The Company is not aware of any new information that materially affects the exploration results*)

<sup>1</sup>*The Company is not aware of any new information that materially affects the exploration results.*

### **Cross Section A - A' 6,270,000mN – Burra Monster Mine & Burra West**

The Burra Monster Mine was previously mined up to the late 1970's, both open cut and underground, with an historic mineral resource of ~ 3 Mt @ 1.7% Cu. The Burra West underground mine was operated in the late 19<sup>th</sup> Century producing grades of up to 34.8% Cu. Initial AMT survey results (Refer ASX release 9<sup>th</sup> & 29<sup>th</sup> April 2019 for initial results; *The Company is not aware of any new information that materially affects the exploration results*) indicate a conductive body up to 15 km wide approximately 1,200 m below the surface of these historic mines.

### **Cross Section B - B' 6,260,000mN – Princess Royal Copper Deposit**

Princess Royal Deposit comprising several historic workings over strike length of 2 km is located approximately 1km south east of Burra township and was discovered in 1845 shortly before the historic Burra Monster Mine. PNX Metals defined a small Inferred Mineral Resource estimate of 216,586t @ 0.96% Copper in 2011 – JORC 2004 (ASX: PNX Announcement 9 October 2012; *The Company is not aware of any new information that materially affects the exploration results*).

The copper carbonate mineralization at Princess Royal is interpreted to have formed due to supergene enrichment of copper from a primary sulphide system at depth, introduced in hydrothermal ferruginous quartz veins and breccias. The mineralisation consisting of malachite, azurite and chrysocolla with lesser chalcocite and cuprite. The quartz veins and breccias have intruded into fractures within an anticlinal core of the host Skillogalee Dolomite, and along a faulted contact between the dolomite and shale unit to the east.

The AMT 2D inversion model 6,260,000mN shows a conductive body near surface associated with the Princess Royal secondary mineralization but more significantly it shows a distinct plume coming to surface from a mid-crustal conductive body including a second conductive body beneath the Princess Royal anomaly. This second deeper conductive body may represent the primary sulphide mineralization, interpreted to be beneath the secondary copper mineralization at Princess Royal Deposit.

### **Cross Section C – C' 6,275,000mN – Mullaby Prospect**

The Mullaby Prospect is a discreet magnetic anomaly located 6 km northeast of Burra township (Image 3). In the late 1990's MIM Exploration Ltd (MIM) complete ground magnetics and 2 IP traverses over the prospect before drilling testing with a short RC drill hole in 1999 to depth of 204 m (Image 5), failing to effectively test the conductive anomaly.

Based on the magnetics and the recent AMT 2D model – 6,275,000mN the Mullaby anomaly exhibits a strong response similar to a plug-like intrusive commencing from an approximate 400 m depth below surface, warranting further follow up (Image 5).

<sup>1</sup>*The Company is not aware of any new information that materially affects the exploration results.*





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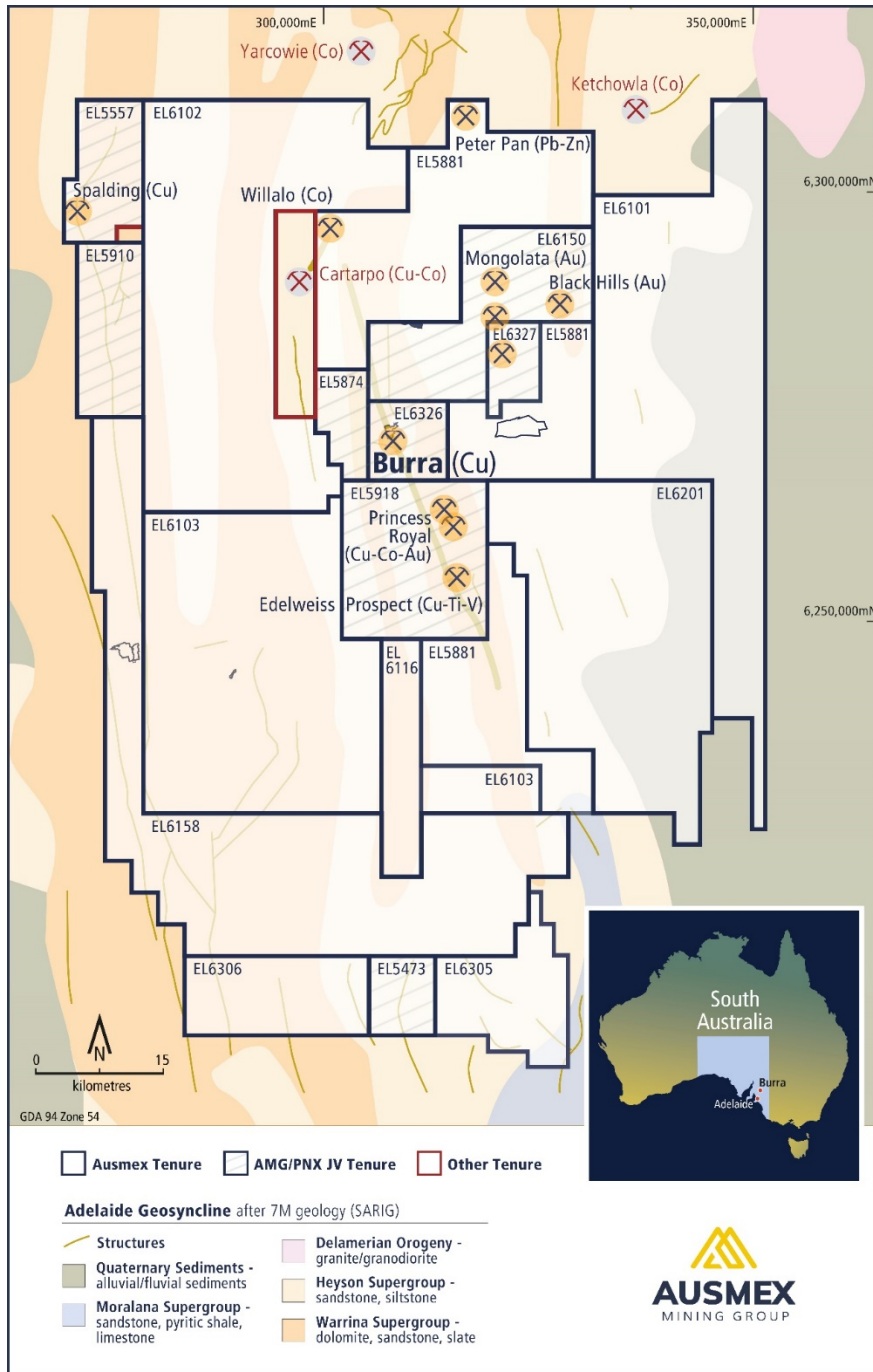
**AusLAMP** is the Australian Lithospheric Architecture Magnetotelluric *Project*, which allows geoscientists to understand the deep geology of the crust, including signatures of world-class mineral deposits.

**Magnetotellurics (MT)** is defined by Geoscience Australia as a passive geophysical method which uses natural time variations of the Earth's magnetic and electric fields to measure the electrical resistivity of the sub-surface.

**Audio-Magnetotellurics (AMT)** is defined in Geoscience Australia's documentation as "The Audio-Magnetotelluric method (AMT) samples signal frequencies in the range of 20k Hz down to ~1Hz and provides data pertaining to the upper few kilometres of the Earth' crust."

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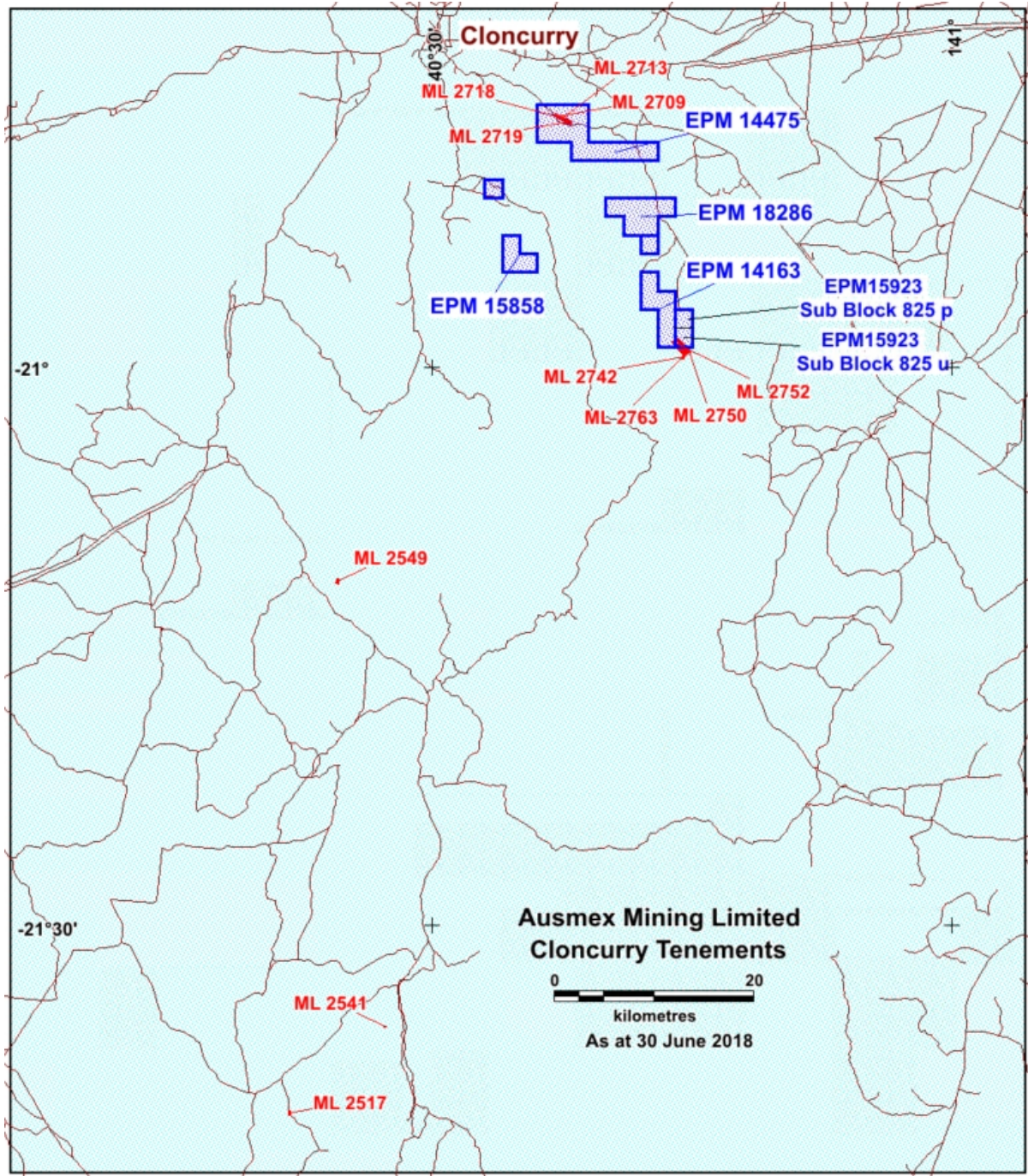
are of any new information that materially affects the exploration results.



**Image 7. Ausmex Burra Tenement plan**

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.





**Image 8. Ausmex Burra Tenement plan**

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.

**Table 1. Burra Project Tenements**

Tenement	Project Name	Registered Holder	Ausmex Beneficial Interest (%)	Grant Date	Expiry Date	Area (km <sup>2</sup> )	Status
EL 5881	Burra	Ausmex Mining Pty Ltd	100	04/11/2016	03/11/2021	970	Granted
EL 6101	Burra East	Ausmex Mining Pty Ltd	100	25/01/2018	24/01/2020	929	Granted
EL 6102	Burra North West	Ausmex Mining Pty Ltd	100	25/01/2018	24/01/2020	990	Granted
EL 6103	Worlds End South	Ausmex Mining Pty Ltd	100	25/01/2018	24/01/2020	986	Granted
EL 6116	Burra Far South	Ausmex Mining Pty Ltd	100	02/03/2018	01/03/2020	128	Granted
EL 6158	Riverton	Ausmex Mining Pty Ltd	100	22/05/2018	21/05/2020	986	Granted
EL 6201	Worlds End	Ausmex Mining Pty Ltd	100	20/07/2018	19/07/2020	818	Granted
EL 6305	Hansborough Area	Ausmex Mining Pty Ltd	100	08/02/2019	07/02/2021	190	Granted
EL 6306	Tarlee Area	Ausmex Mining Pty Ltd	100	08/02/2019	07/02/2021	199	Granted
EL 5473	PNX Bagot Well	PNX Metals Pty Ltd	60	05/08/2014	04/08/2019	71	Granted
EL 5557	PNX Washpool	PNX Metals Pty Ltd	60	10/11/2014	09/11/2019	135	Granted
EL 5874	PNX Burra West	PNX Metals Pty Ltd	60	25/07/2016	24/07/2021	69	Granted
EL 5910	PNX Spalding	PNX Metals Pty Ltd	60	02/01/2017	1/01/2022	157	Granted
EL 5918	PNX Princess Royal	PNX Metals Pty Ltd	60	23/11/2016	22/11/2021	314	Granted
EL 6150	PNX Burra North	PNX Metals Pty Ltd	60	06/03/2012	05/03/2022	300	Granted
EL 6326	PNX Burra Central	PNX Metals Pty Ltd	60	24/02/2019	23/02/2021	84	Granted
EL 6327	PNX Mongolata	PNX Metals Pty Ltd	60	10/03/2019	09/03/2021	60	Granted

<sup>1</sup>The Company is not aware of any new information that materially affects the exploration results.

Table 2. Cloncurry Project Tenements

Tenement	Project Name	Holder	Ausmex Beneficial Interest (%)	Grant Date	Expiry Date	Area (km <sup>2</sup> /ha)	Status
EPM 14163	White Range #2	QMC Exploration Pty Ltd <sup>1</sup>	80	19/10/2004	18/10/2019	17	Granted
EPM 14475	White Range #4	Spinifex Mines Pty Ltd <sup>2</sup>	80	27/06/2005	26/06/2020	36	Granted
EPM 15858	Sunny Mount	QMC Exploration Pty Ltd	80	23/10/2008	22/10/2021	17	Granted
EPM 18286	Elder Creek	QMC Exploration Pty Ltd	80	14/01/2013	13/01/2020	10	Granted
EPM 15923	Golden Mile JV	Exco Resources (Qld) Pty Ltd	80 <sup>3</sup>	07/10/2008	06/10/2023	6	Granted
ML 2517	Answer	North Queensland Mines Pty Ltd	100 <sup>4</sup>	01/12/1973	30/11/2025	8.09	Granted
ML 2541	Belgium	Qld Mining Corporation Limited	100	01/02/1974	31/01/2021	4.05	Granted
ML 2549	The Trump	North Queensland Mines Pty Ltd	100	01/02/1974	31/01/2021	12.14	Granted
ML 2709	Gilded Rose	Spinifex Mines Pty Ltd	80	21/01/1982	31/01/2024	2.03	Granted
ML 2713	Gilded Rose Extd East	Spinifex Mines Pty Ltd	80	21/01/1982	31/01/2024	18.21	Granted
ML 2718	Gilded Rose Extd West	Spinifex Mines Pty Ltd	80	20/09/1984	30/09/2026	14.17	Granted
ML 2719	Gilt Edge Extd East 1	Spinifex Mines Pty Ltd	80	29/03/1984	31/03/2026	32.00	Granted
ML 2741	Mt Freda	Spinifex Mines Pty Ltd	80	29/05/1986	31/05/2028	3.80	Granted
ML 2742	Evening Star	Spinifex Mines Pty Ltd	80	29/05/1986	31/05/2028	8.09	Granted
ML 2750	Evening Star North Extd	Spinifex Mines Pty Ltd	80	26/01/1989	31/01/2028	5.14	Granted
ML 2752	Mt Freda Extd	Spinifex Mines Pty Ltd	80	23/02/1989	29/02/2028	116.48	Granted
ML 2763	Evening Star North	Spinifex Mines Pty Ltd	80	08/06/1989	30/06/2028	8.00	Granted

<sup>1</sup> QMC Exploration Pty Ltd is a wholly owned subsidiary of Qld Mining Corporation Limited

<sup>2</sup> Spinifex Mines Pty Ltd is a wholly owned subsidiary of Qld Mining Corporation Limited

<sup>3</sup> Ausmex Mining has an 80% beneficial interest in two sub blocks numbered 825 p and 825 u

<sup>4</sup> See ASX announcement 06/07/2017



### **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 Mr. Matthew Morgan, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Morgan is the Managing Director of Ausmex Mining Group Limited and Geologist whom has sufficient relevant experience in relation to the mineralisation 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). Mr. Morgan consents to the use of this information in this report in the form and context in which it appears.*

### **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 Australasian Institute of Geoscientists (AIG). Ms Galloway Warland is a consultant Project Manager to Ausmex Mining Group Limited and Geologist whom 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.*