

30 APRIL 2020

ASX MARKET RELEASE

## ACTIVITY REPORT MARCH QUARTER 2020

### CORPORATE HIGHLIGHTS

- Directors received shareholder approval to acquire a total of 705, 896 shares at \$0.085 per share in support of the Company to progress Gold Production at Mt Freda.
- Ausmex seeks JV partners to develop the highly prospective South Australian gold projects.

### HIGHLIGHTS CLONCURRY QLD

- Golden Mile Mining Lease progresses to final approval stage.

### EXPLORATION HIGHLIGHTS BURRA SA

- RC pre-collar drilling for deeper diamond core holes at Princess Royal intersects REE and indicator minerals for a large alkaline, ultramafic mineral system above AMT Conductive Target 1.
- Multiple high-grade gold projects identified including the extensive Mongolata and Black Hills Gold fields.



**Image 1.** Historic Mongolata Under Ground gold mine, South Australia.

## **INTRODUCTION**

Ausmex Mining Group Limited (“Ausmex” or “the Company”) Directors welcome shareholders to our March 2020 Quarterly Report.

A maiden 3,000 m drilling campaign was completed at Burra (commenced in December 2019), the Company’s highly prospective project based at Burra SA, following completion of previous MT/AMT surveys that identified two large conductive targets at both the Princess Royal historic copper-gold works, and the Mullaby project that was previously identified by MIM in the 1990’s.

The initial RC pre-collar drilling for deeper diamond core holes at Princess Royal intersected REE and indicator minerals for a large alkaline, ultramafic mineral system above AMT Conductive Target 1.

The Company completed an extensive gold prospectivity review of the South Australian tenure, and identified multiple high-grade gold projects, including the historic high-grade gold mines Mongolata and Black hills. The Company has now called for Joint Venture partners to develop the South Australian Gold projects, as the Company is focused on fast tracking the Mt Freda Complex in Cloncurry into gold production in 2020 and advancing the Burra IOCG project.

The Company continued to progress the Golden Mile Mining Lease application ML100201, located within the Mt Freda Complex, with the final submissions to the public advertised in March.

Covid 19 did not significantly impact the Company’s operations during quarter.

## **MARCH QUARTER CORPORATE ACHIEVEMENTS**

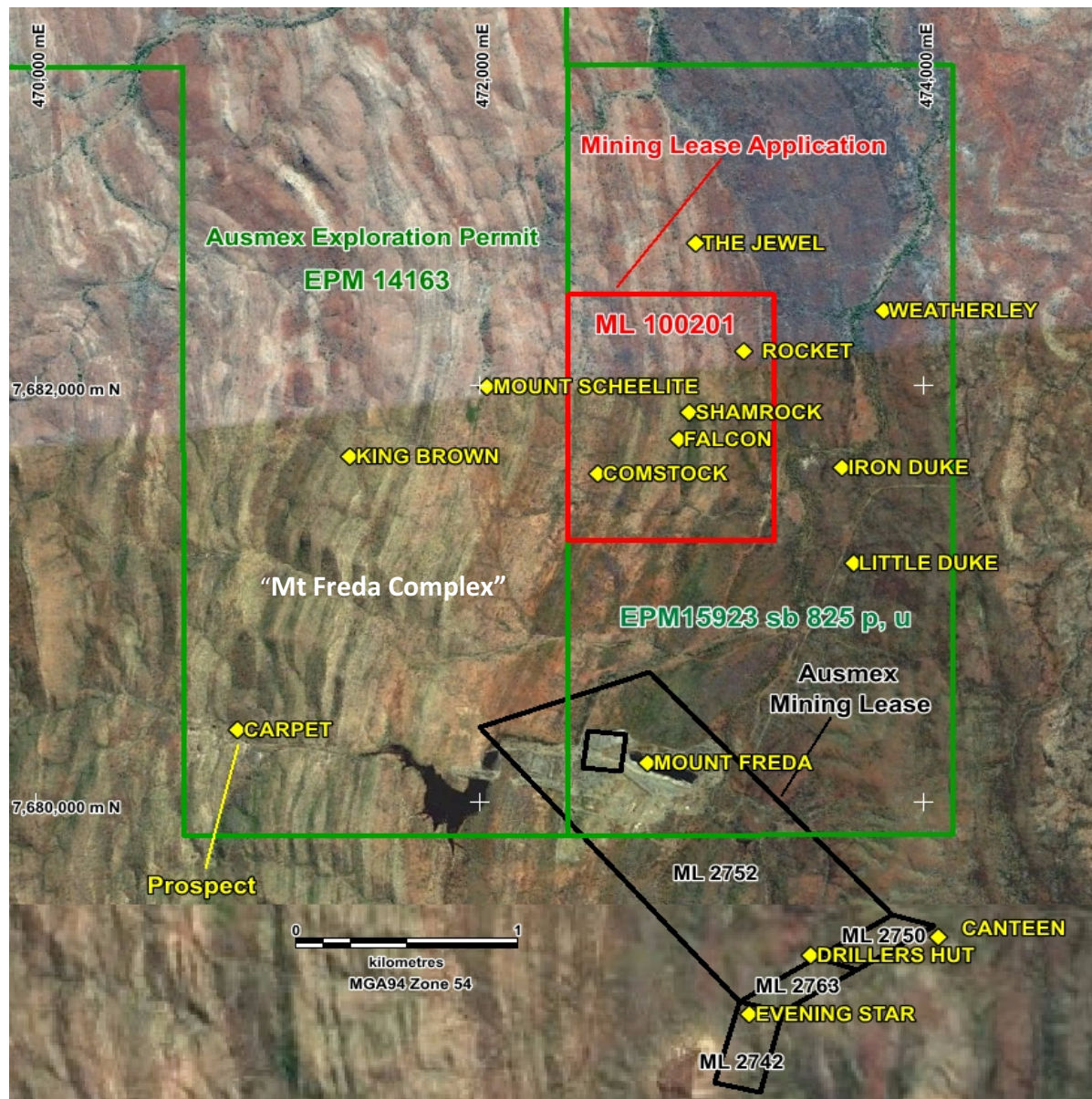
Shareholder approval was received in January for Ausmex Directors Matt Morgan, Geoff Kidd, and Dr Andrew Firek to purchase shares via the recent November 2019 placement, purchasing a total of 705, 896 shares at \$0.085 per share.

The Company identified multiple high-grade gold projects within the South Australian tenure during the quarter. Given Ausmex’s focus on its two core projects, the Company released an Information Memorandum seeking Joint Venture and/or Farm-in partners to develop the highly prospective gold assets. *(Refer ASX release 30<sup>th</sup> March 2020 ; The Company is not aware of any new information that materially affects the release)*

## MARCH QUARTER ACHIEVEMENTS CLONCURRY QLD

The Company committed to fast tracking the Mt Freda Complex into gold production in 2020, including the current Mining Lease application at the Golden Mile ML100201, and progressing a Mining Study and Plan of Operations to re-commence mining at the Mt Freda Open Cut granted Mining Lease ML2752. (Refer ASX release 20<sup>th</sup> March 2020 ; The Company is not aware of any new information that materially affects the release).

The Queensland Department of Natural Resources, Mines and Energy has progressed the application with final submissions from the public closed on 24<sup>th</sup> April 2020.



**Figure 1.** Mt Freda Complex Location Plan including the Golden Mile ML100201.

The Mining Lease application for the Golden Mile (ML100201) is for mining only, as the Company has a binding agreement to process Golden Mile ore at the Cloncurry based Great Australia 600 Ktpa gold CIP processing facility.

The Company is in the final stages of JORC (2012) resource estimation for the Mt Freda



Complex, with completion due within weeks. It is envisaged the Company will commence a Mine Scoping Study for the Mt Freda Open Cut ML2752 in mid-May aiming to submit by late June 2020 a Plan of Operation to recommence open cut mining.

Planning commenced for trial open pit mining and gold production to collect processing parameters for feasibility studies.



**Photo 1.** Ausmex site preparations commenced at the Mt Freda Complex.

Round Oak Minerals Pty Ltd previously (2018) purchased a ~ 200,000 tonne low grade gold stockpile from Mt Freda and processed at the Great Australian Mine, *(Refer ASX release 16<sup>th</sup> April 2018; The Company is not aware of any new information that materially affects the release).*

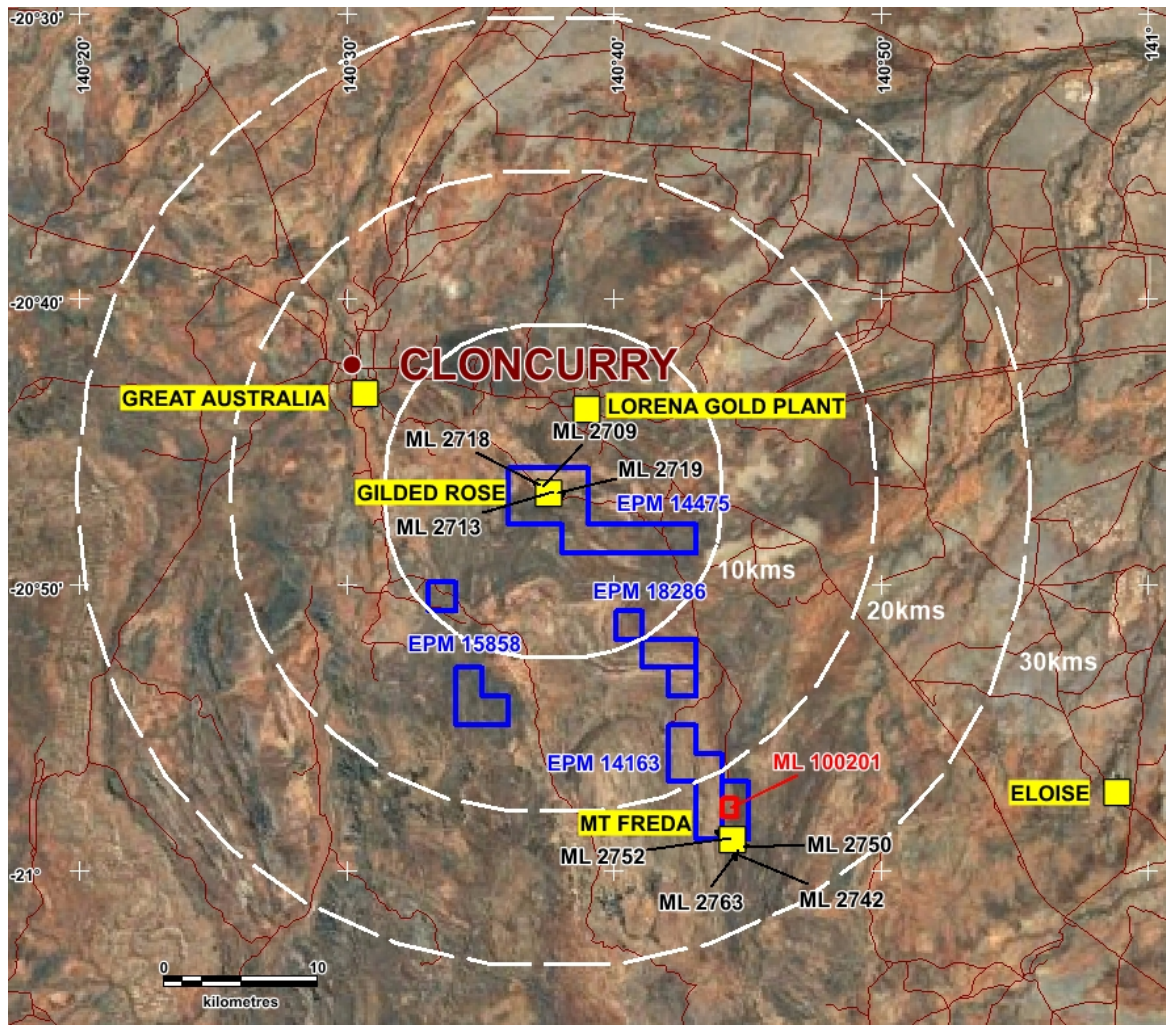
The Company commenced a review to process the remaining low-grade gold stockpiles at Mt Freda.



**Photo 2.** Mt Freda low grade gold stockpile processing (2018).



As there are current haul road facilities in place from both Mt Freda and The Golden Mile to third party ore processing facilities, Mt Freda ML2752 and the Golden Mile ML1000201 offer Ausmex shareholders a low capital requirement entry point into potential near-term gold production in 2020.



**Figure 2.** Ausmex Cloncurry Gold tenement location plan, indicating the close proximity of both Mt Freda ML2752 and the Golden Mile ML100201 projects, as well as the Gilded Rose Gold Mine to two, third party Gold CIP processing facilities at Lorena and the Great Australia Mine, with a combined capacity of ~1 Mtpa

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

### **Princess Royal Drilling**

RC pre collar drilling was completed in preparation for diamond tails at Princess Royal project, testing four MT conductive anomalies, with coincident magnetic and /or gravity anomalies (Figure 3 and 4).

The drilling program was designed to test and gain geological understanding of the conductive structures identified by MT/AMT surveys conducted over the prospects.

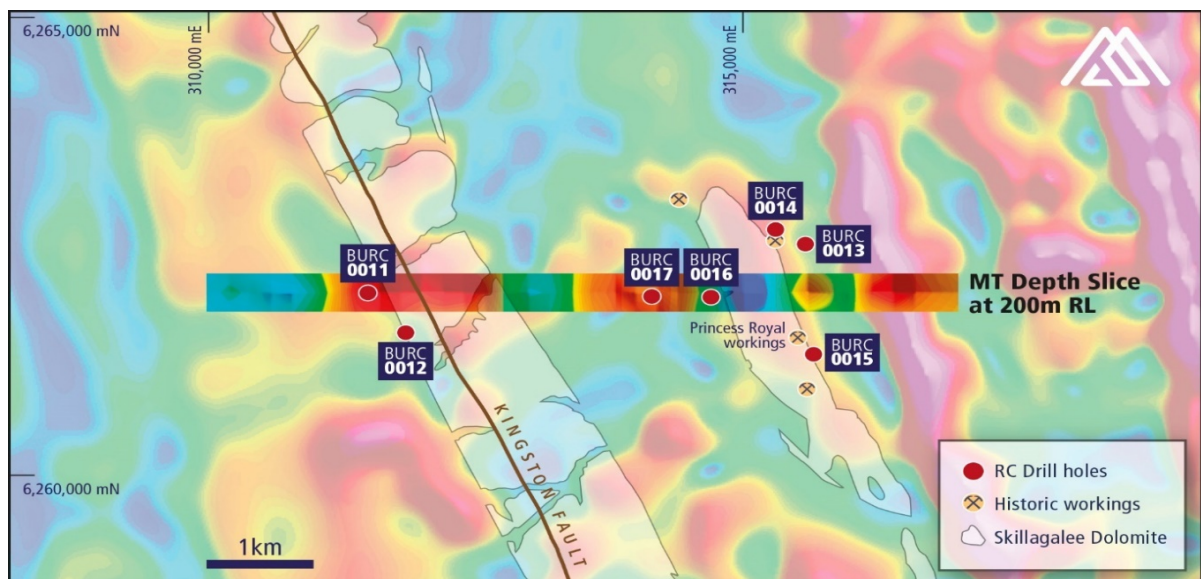
Target A corresponds to surface breccias and iron rich gossanous outcrops with minor copper

(Malachite) associated with the Koorunga - Kingston Fault, interpreted as a key controlling structure in the region. The two RC holes, BURC011 and BURC0012 drilled into Target A reached approximately 250 m depth

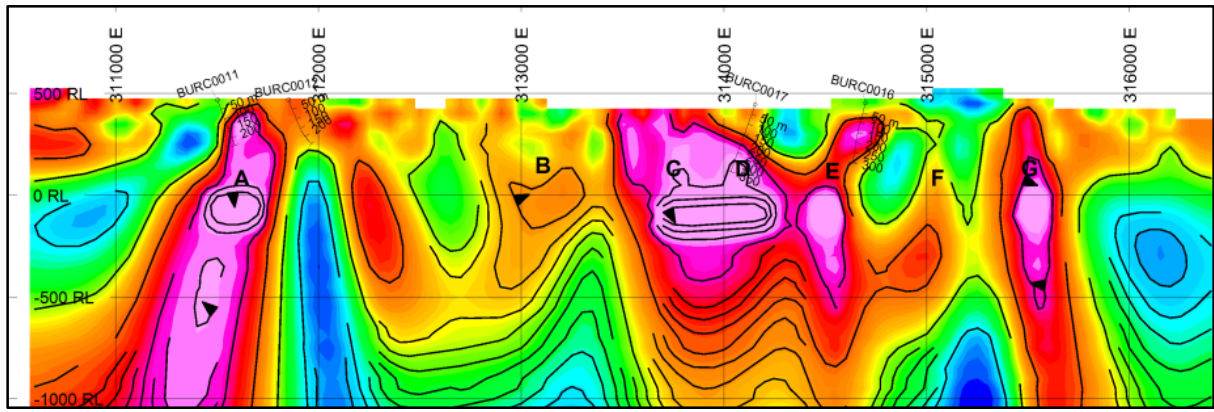
During the Quarter Independent Expert Emeritus Professor Ken Collerson was engaged to review multi-element assay data from the RC pre collar drill holes to assess the potential source of the conductive anomalies (MT plumes) identified in the Company's AMT magnetotelluric survey at Burra (Refer ASX release 13<sup>th</sup> February 2020; The Company is not aware of any new information that materially affects the release)

Key Findings by Emeritus Professor Ken Collerson include:

- Profiles showing variation in elemental abundances with depth are useful in showing compositional gradients in the vicinity of the computed conductive anomalies. In BURC0011 there is clearly some near surface REE supergene enrichment. However, in the depth interval from 50 m to ~ 250 m, total REE plus Y concentrations are strongly positively correlated and defining a vector towards higher TREY values at Conductive Target 1.
- Ba, Th, U, Cr and Sc, display virtually identical depth profiles indicating that the entire suite of metals is useful as geochemical vectors for targeting deeper mineralisation.
- This is interpreted as evidence that the distinctive vector - depth profiles are in some way related to that the conductivity anomalies (MT plumes) identified in magneto-telluric data below Burra. Thus, they are most likely the result of mineralisation.
- Very importantly, the metal association of rare earth elements, yttrium, scandium, nickel, chromium, cobalt and copper as well as gold, suggests the likely presence of a deeper alkaline ultramafic sourced mineral system at Conductive Target A.



**Figure 3:** Princess Royal Drill Hole Location Plan



**Figure 4:** 2D Inversion Model of 200 m spaced MT along Section 6262000mN, showing locations of drill holes. Pre collar BURC0011 from 150 m to ~ 250 m total REE plus Y are positively correlated lying on a vector that is interpreted as extending to AMT Conductive Target A. (Refer ASX release 26<sup>th</sup> November 2019 for more details on AMT results The Company is not aware of any new information that materially affects the release).

## SOUTH AUSTRALIAN GOLD ASSETS

During the quarter, the Company identified multiple high-grade gold projects within the South Australian tenure. (Refer ASX release 26<sup>th</sup> March 2020, The Company is not aware of any new information that materially affects the release)

Gold Opportunity Highlights include:

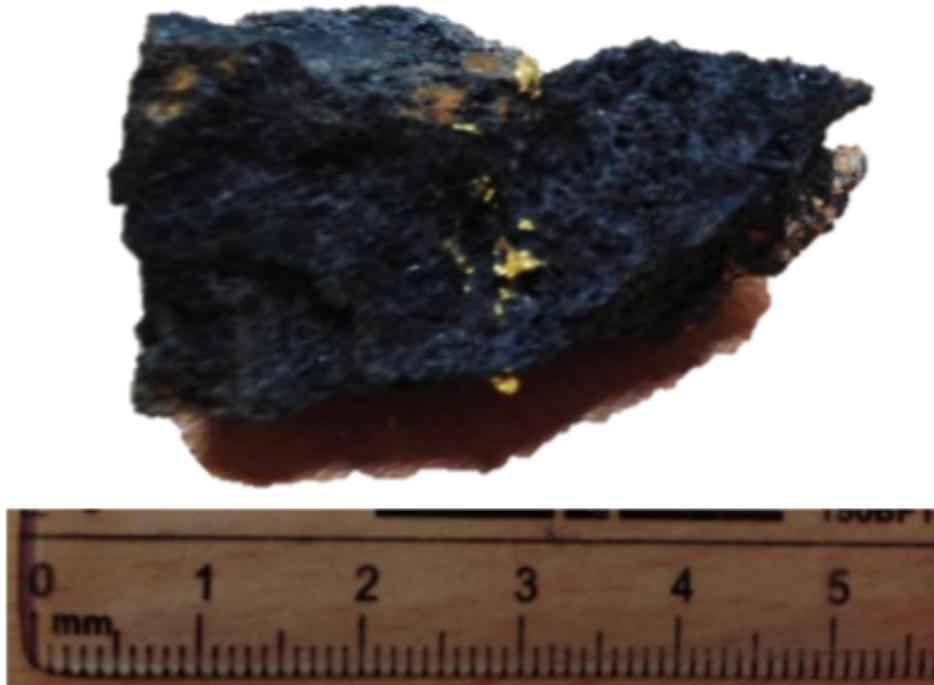
- Numerous historic high-grade gold workings, occurrences and targets across tenure (Figure Z)
- Key prospects include: Mongolata Goldfields, Black Hills and Ulooloo Goldfields
- Mongolata Goldfields:
  - 12 km of prospective strike length underexplored
  - Historic production<sup>1</sup> : 11,127 ounces produced at average grade of **45 g/t Au**
  - <sup>1</sup> The Mongolata Goldfields, I Plimmer 1997, Redfire Resources
- Black Hills:
  - High grade and anomalous gold with associated copper, lead, nickel and zinc over a 3 km strike length open to north and south
  - Best drill intercepts include:
    - PCRB009: **3m @ 15.9 g/t Au** from 47 m (re-assays 20.84 g/t)
    - PCRB014: **6m @ 23.35 g/t Au** from 66 m

(Refer ASX release 7<sup>th</sup> December 2018; The Company is not aware of any new information that materially affects the release).

- Large MT Conductive Anomaly in north-east extending to surface near Mongolata and Black Hills.
- Ulooloo Goldfield alluvial workings lie just on the northern boundary with primary structures extending south into EL5881-associated with Peter Pan (Pb-Zn) prospect
- Kings Well & Chalk Cliff Prospects – historic gold workings including rock chip samples returning **28.6 g/t and 49 g/t Au** (Refer ASX release 7<sup>th</sup> December 2018; The Company is not aware of any new information that materially affects the release)



- Lithological and structural controls on gold mineralization within the region suggest potential exists along thrust faults and within fold hinges of the Cox Sandstone (Tapley Hill Formation), in chemically reactive sediments (Skillogalee Dolomite), and proximity to felsic and/or mafic intrusives.



**Plate 1:** Gold in limonite from Byles Mine, Mongolata Goldfields ( Source; GSSA)

#### **SA CORPORATE**

Ausmex released an Information Memorandum (IM) seeking Joint Venture Partners to develop South Australian Gold assets.

Ausmex is focused on bringing its lead asset, the Mt Freda Gold Project in Queensland, into production in 2020 and also on advancing its Burra IOCG Project.

Given the focus on the two core projects, the Company is seeking Joint Venture and/or Farm-in partners to work with Ausmex to develop the highly prospective gold assets in South Australia (Refer ASX release 26<sup>th</sup> March 2020).



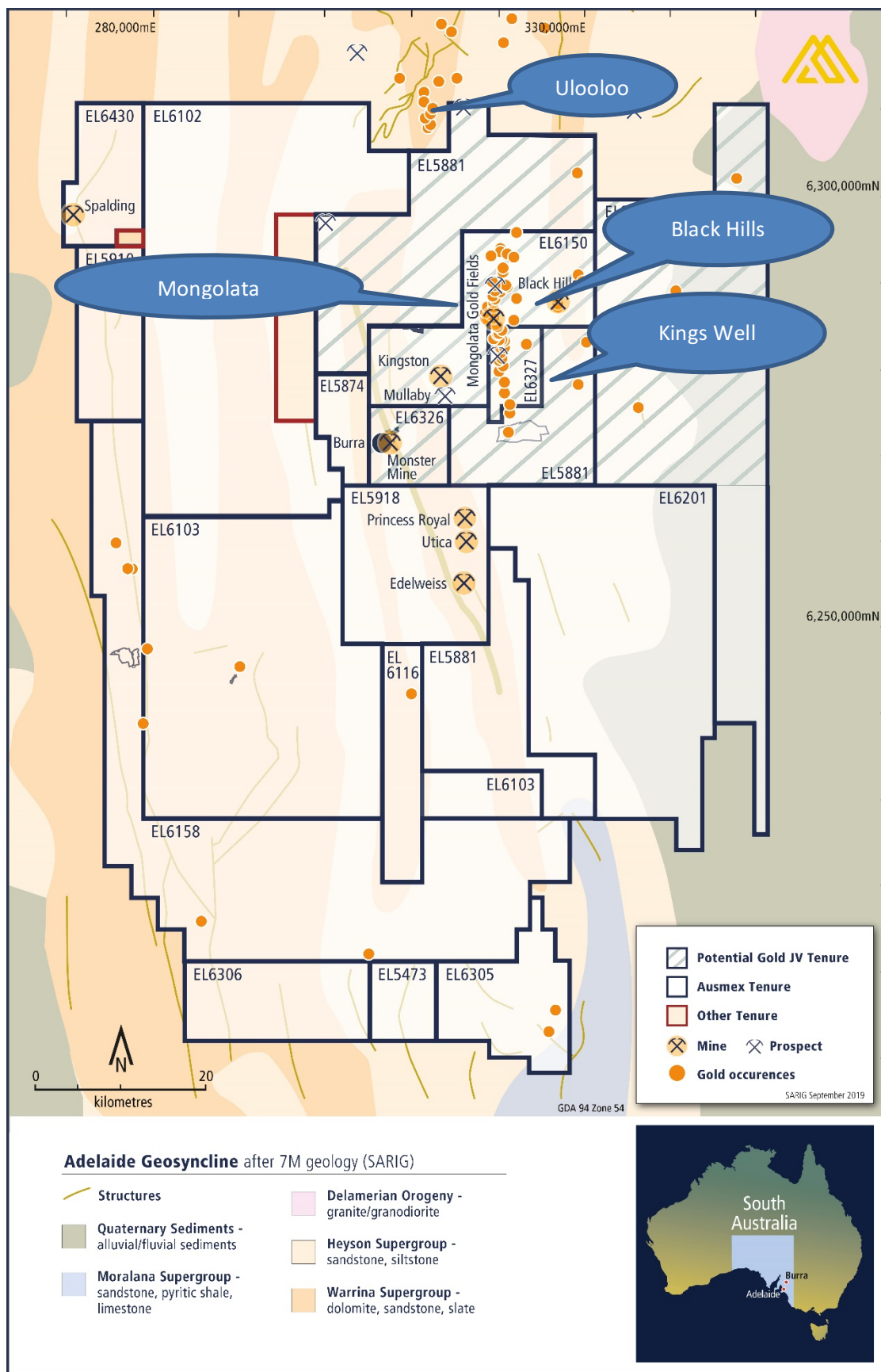
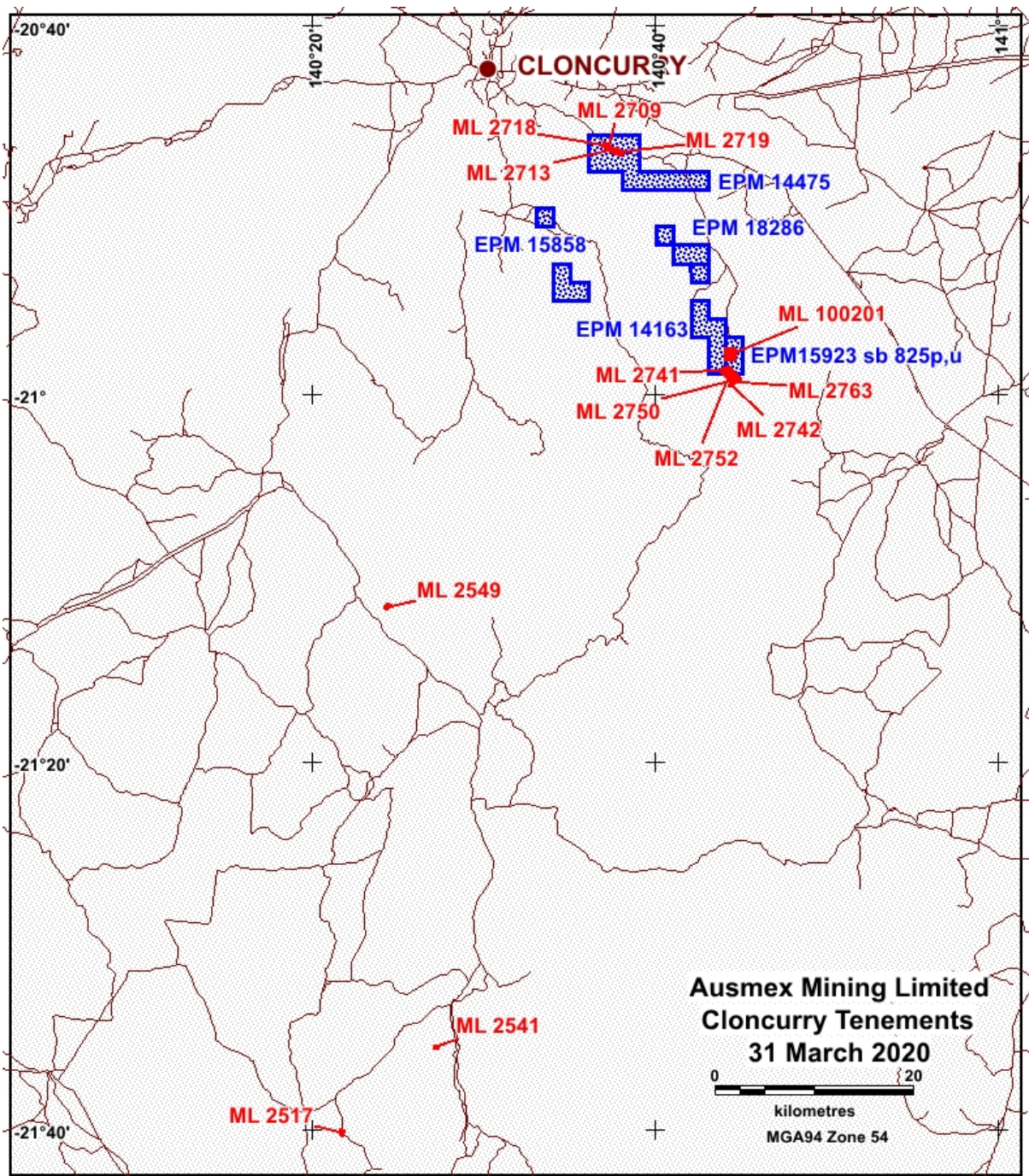
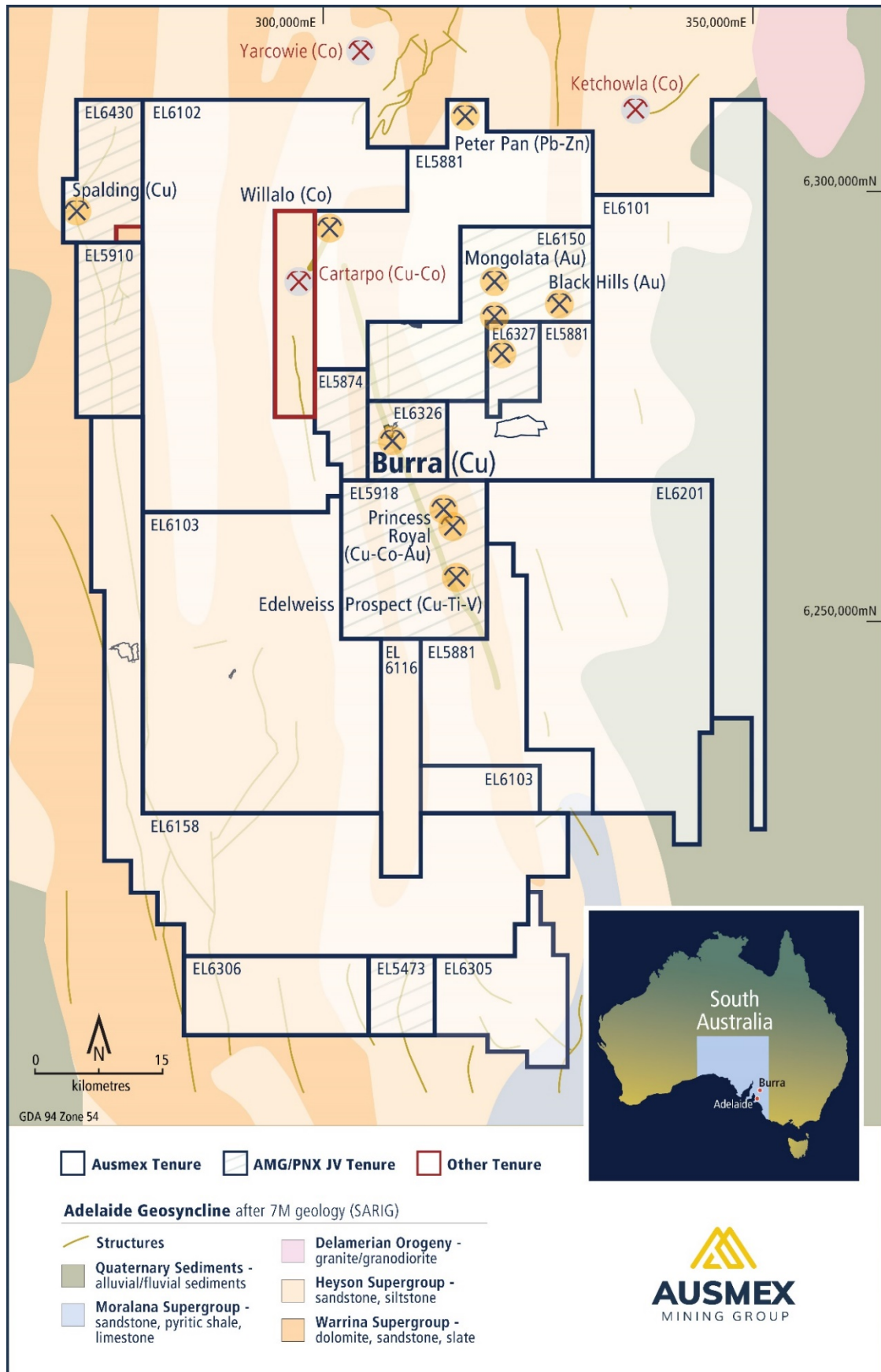


Figure 5: Potential Gold JV Tenure.



**Figure 6.** Ausmex Cloncurry Tenement plan



**Figure 7. Ausmex Burra Tenement plan**



**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 SA Pty Ltd	100	04/11/2016	03/11/2021	970	Granted
EL 6101	Burra East	Ausmex SA Pty Ltd	100	25/01/2018	24/01/2023	929	Granted
EL 6102	Burra North West	Ausmex SA Pty Ltd	100	25/01/2018	24/01/2023	990	Granted
EL 6103	Worlds End South	Ausmex SA Pty Ltd	100	25/01/2018	24/01/2023	986	Granted
EL 6116	Burra Far South	Ausmex SA Pty Ltd	100	02/03/2018	01/03/2023	128	Granted
EL 6158	Riverton	Ausmex SA Pty Ltd	100	22/05/2018	21/05/2020	986	Granted
EL 6201	Worlds End	Ausmex SA Pty Ltd	100	20/07/2018	19/07/2020	818	Granted
EL 6305	Hansborough Area	Ausmex SA Pty Ltd	100	08/02/2019	07/02/2021	190	Granted
EL 6306	Tarlee Area	Ausmex SA Pty Ltd	100	08/02/2019	07/02/2021	199	Granted
EL 6386	PNX Bagot Well	PNX Metals Pty Ltd	90	05/08/2019	04/08/2021	71	Granted
EL 6430	PNX Washpool	PNX Metals Pty Ltd	90	10/11/2019	09/11/2021	135	Granted
EL 5874	PNX Burra West	PNX Metals Pty Ltd	90	25/07/2016	24/07/2021	69	Granted
EL 5910	PNX Spalding	PNX Metals Pty Ltd	90	02/01/2017	1/01/2022	157	Granted
EL 5918	PNX Princess Royal	PNX Metals Pty Ltd	90	23/11/2016	22/11/2021	314	Granted
EL 6150	PNX Burra North	PNX Metals Pty Ltd	90	06/03/2012	05/03/2022	300	Granted
EL 6326	PNX Burra Central	PNX Metals Pty Ltd	90	24/02/2019	23/02/2021	84	Granted
EL 6327	PNX Mongolata	PNX Metals Pty Ltd	90	10/03/2019	09/03/2021	60	Granted

**Table 2. Cloncurry Project Tenements**

Tenement	Project Name	Holder	Ausmex Beneficial Interest (%)	Grant Date	Expiry Date	Area (EPM km <sup>2</sup> /ML ha)	Status
<b>EPM 14163</b>	White Range #2	QMC Exploration Pty Ltd <sup>1</sup>	80	19/10/2004	18/10/2022	17	Granted
<b>EPM 14475</b>	White Range #4	Spinifex Mines Pty Ltd <sup>2</sup>	80 <sup>3</sup>	27/06/2005	26/06/2025	36	Granted
<b>EPM 15858</b>	Sunny Mount	QMC Exploration Pty Ltd	80	23/10/2008	22/10/2021	17	Granted
<b>EPM 18286</b>	Elder Creek	QMC Exploration Pty Ltd	80	14/01/2013	13/01/2022	10	Granted
<b>EPM 15923</b>	Golden Mile JV	Exco Resources (Qld) Pty Ltd	80 <sup>4</sup>	07/10/2008	06/10/2023	6	Granted
<b>ML 2517</b>	Answer	Ausmex Mining Group Limited	100 <sup>5</sup>	01/12/1973	30/11/2025	8.09	Granted
<b>ML 2541</b>	Belgium	Ausmex Mining Group Limited	100	01/02/1974	31/01/2021	4.05	Granted
<b>ML 2549</b>	The Trump	Ausmex Mining Group Limited	100	01/02/1974	31/01/2021	12.14	Granted
<b>ML 2709</b>	Gilded Rose	Spinifex Mines Pty Ltd	80	21/01/1982	31/01/2024	2.03	Granted
<b>ML 2713</b>	Gilded Rose Extd East	Spinifex Mines Pty Ltd	80	21/01/1982	31/01/2024	18.21	Granted
<b>ML 2718</b>	Gilded Rose Extd West	Spinifex Mines Pty Ltd	80	20/09/1984	30/09/2026	14.17	Granted
<b>ML 2719</b>	Gilt Edge Extd East 1	Spinifex Mines Pty Ltd	80	29/03/1984	31/03/2026	32.00	Granted
<b>ML 2741</b>	Mt Freda	Spinifex Mines Pty Ltd	80	29/05/1986	31/05/2028	3.80	Granted
<b>ML 2742</b>	Evening Star	Spinifex Mines Pty Ltd	80	29/05/1986	31/05/2028	8.09	Granted
<b>ML 2750</b>	Evening Star North Extd	Spinifex Mines Pty Ltd	80	26/01/1989	31/01/2028	5.14	Granted
<b>ML 2752</b>	Mt Freda Extd	Spinifex Mines Pty Ltd	80	23/02/1989	29/02/2028	116.48	Granted
<b>ML 2763</b>	Evening Star North	Spinifex Mines Pty Ltd	80	08/06/1989	30/06/2028	8.00	Granted
<b>ML 100201</b>	Golden Mile	Ausmex Resources Pty Ltd	80			225.4	Application

<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> See ASX announcement 20/09/2019

<sup>4</sup> Ausmex Mining has an 80% beneficial interest in two sub blocks numbered 825 p and 825 u

<sup>5</sup> See ASX announcement 06/07/2017

This report is approved by the Board of Ausmex Mining Group Limited.

**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's crust."

#### **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 QLD (Cloncurry) 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 SA (Burra) 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.*