

10 June 2020

Market Release

### **Company Update**

Ausmex (AMG or the Company) recently announced a maiden mineral resource statement for the Mt Freda and Golden Mile projects (Refer to ASX release 3<sup>rd</sup> of June 2020) as of which Mt Freda is a granted mining lease. The resource estimate for Mt Freda was based on the drilling completed by Ausmex over the past two years and was planned and drilled using previous drilling locations and assay results from two former ASX listed public companies, QMC and DMR, that once owned these tenements. The Company is now in possession of additional drilling logs and data from DMR and are intending to update the Mt Freda resource using both QMC and DMR data, after certifying the previous drilling, to comply with the 2012 JORC code. Any additional drilling programs will be based on the compilation and assessment of those results and will commence immediately after the completion of the updated information being fed into the geological model. The company will seek advice from the independent geological group that will aid with the location of the drill holes for the next phase of drilling. We anticipate this will be completed as quickly as possible.

The purpose of this action is to upgrade and increase the current Mt Freda resource from inferred and indicated to measured and indicated. The resource upgrade is one of the current goals the Company is aiming to achieve. The timing for this phase is opportunistic, and when current restrictions due to COVID 19 are lifted Ausmex will take full advantage in utilising the excess drilling availability in Queensland.

### **Historical Gold Production for Mt Freda and the Golden Mile**

The Companies primary goal going forward, is to transform the Gold Projects into production as quickly as possible. Mt Freda was a producing mine in the late 1980's and ceased operations due to the Gold price dipping below \$300 an ounce. Mt Freda was mined to a depth of only 60m. Whilst the CIP plant was operating, to be treated using a trial vat leach process. The company constructed a vat leach process next to the CIP plant with a 10,000 tonne trial leach program. The vat leach program was successful and concluded that the ore was indeed amenable to Vat or heap leaching. However, due to the low gold price the whole processing plant was shut down and ceased to operate. The balance of that low grade ore that was stockpiled and the 10,000 tonne vat ore, was sold to Round Oak Minerals for \$2.5m (Refer to ASX release 16<sup>th</sup> April 2018) as part of a JV deal on the Golden Mile ground that is controlled by Ausmex.

Under the JV agreement with Round Oak Minerals (a subsidiary of Washington H. Soul Pattinson) Round Oak Minerals must process all the ore mined from the Golden Mile Project. The Golden Mile Project is located only 500m north of the Mt Freda open cut and contains numerous known historical high-grade Gold mines that have been unlocatable since 1939 and were rediscovered by Ausmex after the JV agreement with Round Oak Minerals. Round Oak Minerals have a 650,000tpa CIP processing plant that can treat weathered and oxide Gold ore. The Company at this stage has only carried out limited drilling to an average vertical depth of 50m. Historical mining records and drilling results indicate the mining was limited to around 20m depth prior to being closed due to the commencement of the 2<sup>nd</sup> World War. These mines have laid dormant since then in undergrowth, until being re-discovered by Ausmex. Deeper drilling will be carried out on these prospects.

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## **Mt Freda Production**

The Company will now look at infrastructure spending at the Mt Freda site which will also act as the base for the mining at Golden Mile some 500 metres to the North. The metallurgical data from the DMR gold production operations and the metallurgical results from QMC confirm that the ore is amenable to cyanide leaching, but with the deeper holes anticipated to be drilled at the advice of our consultants, additional metallurgical study will be carried out to confirm that the deeper ore is also amenable to cyanide processing. The Company will look at Mining to commence when the Company has completed the abovementioned works and the Plan of Operations is completed. The commencement date of production will be updated to shareholders, as soon as possible.

There are currently 3 external companies operating Gold and Gold/Copper processing plants within the Cloncurry mineral field and all within 40 to 90klms of Mt Freda, so processing is not an issue for fresh ore, if any, from Mt Freda. We are not anticipating that this will be the case but just advising shareholders of the possibility.

The Company has also employed the services of a Queensland Company, AMDAD to commence a scoping study based on the internal mineral resource calculations by the company, using the historical data discussed above and the next phase of drilling by Ausmex. We have now instructed the group to temporarily suspend the scoping study, until we have completed the new mineral resource upgrade.

What we can assure the shareholders of Ausmex is that the directors focus is purely on upgrading the resource, completing any additional metallurgical studies on the deeper ore, completing the scoping study for mining and getting into Gold production as quickly as possible.

Because processing of the Golden Mile ore will be at Round Oaks CIP plant, and no processing of the Golden Mile ore will happen on site a lot of the normal restrictions and regulatory requirements for processing are not required. We are advised by our external consultants who manage the ML applications the Government is expediting the granting of ML's to assist mining companies; in the case of Mt Freda the mining leases are already approved. The Company endeavours to update shareholders on a regular basis for the progressing of the Company from explorer to producer.

## **Changes to the Board**

As reported recently (Refer to ASX release 5<sup>th</sup> of June 2020) the Company has had a change of Board with three of the Directors resigning to pursue their own interests. The three Directors that have resigned were founding directors of Ausmex and instrumental on bringing these high-quality Gold Projects into Ausmex. All three were originally involved in the Coal and other associated Industries and the move of Ausmex from explorer to Gold producer triggered a change in the management structure.

The Company has elected Mr Aaron Day for the role of Interim Managing Director from his previous role of a Non-Executive Director with the Company. Mr Day is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM) and has been involved in the minerals exploration, mining and processing industry for the last 20 years and is currently the registered Site Senior Executive (QLD Mines Department requirement on operational tenements). Mr Day's interim MD salary is \$175,000 PA, (former MD \$315,000) which reflects the continued overall savings of our Company expenses, due to where the Company is at this time.

Mr. Trevor Coombe has been appointed to the Board as Non-Executive Director. Mr Coombe was previously Managing Director of Young Australia Mines Limited previously known as Moly Mines Pty Ltd.

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He was in charge of the operation of the business direction and cost management of the company. Mr Coombe has been the Chief Executive Officer of the Kurri Kurri Aluminium smelter in the Hunter Valley, New South Wales. Mr. Coombe was involved in the mining industry for over 30 years, including as Chief Executive Officer of Savage Resources' coal mining operation at Liddell Mine in the Hunter Valley, and General Manager of Pasmenco's silver-lead-zinc-gold-copper mining operations at Rosebery, Tasmania. He has also spent substantial parts of his early career at Broken Hill and Cobar (with CRA) and as the Senior Mining Engineer for the Lady Loretta joint venture in the Cloncurry region.

The salaries of Directors will be in proportion with where the company is at and a review will take place once Gold production commences. The Board has also been reduced from five to three including the Chairman.

The Company has recently sold one of the Company's non-core assets, the Gilded Rose Gold Mine to Jin Resources Pty Ltd for \$4m (Refer to ASX release 25<sup>th</sup> of May 2020). Jin Resources who are well funded have advised they intend to bring the Gilded Rose mine into production as soon as possible. The Gilded Rose mine is located on the same road from the bitumen highway to Mt Freda and the upkeep of this infrastructure road will be shared between Ausmex and Jin Resources.

Additionally, Jin Resources have offered to share some of the costs associated with other Ausmex Cloncurry infrastructure including our 3-acre holding yard, core farm, geological facilities including core cutting, motor vehicles and earthmoving equipment etc. Once implemented, reduces the holding costs for Ausmex substantially.

We look forward to sharing and updating information to our shareholders as we move forward as quickly as physically possible to Gold production and more exciting news for our Ausmex shareholders.

Approved by Aaron Day, Managing Director.

Further enquiries, please contact:

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