

25<sup>th</sup> June 2018

## ASX MARKET RELEASE

ASX: AMG

### AUSMEX COMMENCES MT SURVEY OVER LARGE CONDUCTIVE STRUCTURE BELOW BURRA, SA

- AUSMEX (AMG) AND UNIVERSITY OF ADELAIDE (UoA) IN COLLABORATION WITH OTHERS (SEE BELOW) HAS COMMENCED A CLOSE SPACING (10 KM) MAGNETOTELLURIC GEOPHYSICAL SURVEY (MT) OVER “GEOSCIENCE AUSTRALIA’S AND AUSLAMPS’S DISCOVERY” OF A LARGE CONDUCTIVE STRUCTURE AT AUSMEX CONTROLLED BURRA TENEMENTS IN SOUTH AUSTRALIA.
- THE PURPOSE OF THE CLOSE SPACE MT SURVEY IS TO DEFINE SHALLOWER MINERALISATION THAT CAN BE THE SUBJECT OF A DRILLING PROGRAM. 31 OF THE 95 SURVEY SITES HAVE ALREADY BEEN COMPLETED.
- IN ADDITION TO THE ABOVE MAJOR MT PROGRAM, AUSMEX IS PREPARING TO COMMENCE AN RC DRILLING PROGRAM OVER THE WILLALO COBALT PROJECT, A 2.3 KM LONG ZONE OF HIGHLY PROSPECTIVE GROUND AFTER HIGH GRADE COBALT, (UP TO 6,920 PPM COBALT), WAS ALSO DISCOVERED AT WILLALO WITHIN THE BURRA TENEMENTS, (*Refer ASX announcement 7<sup>th</sup> May 2018*).



Photo 1. UoA Team conducting MT surveys.



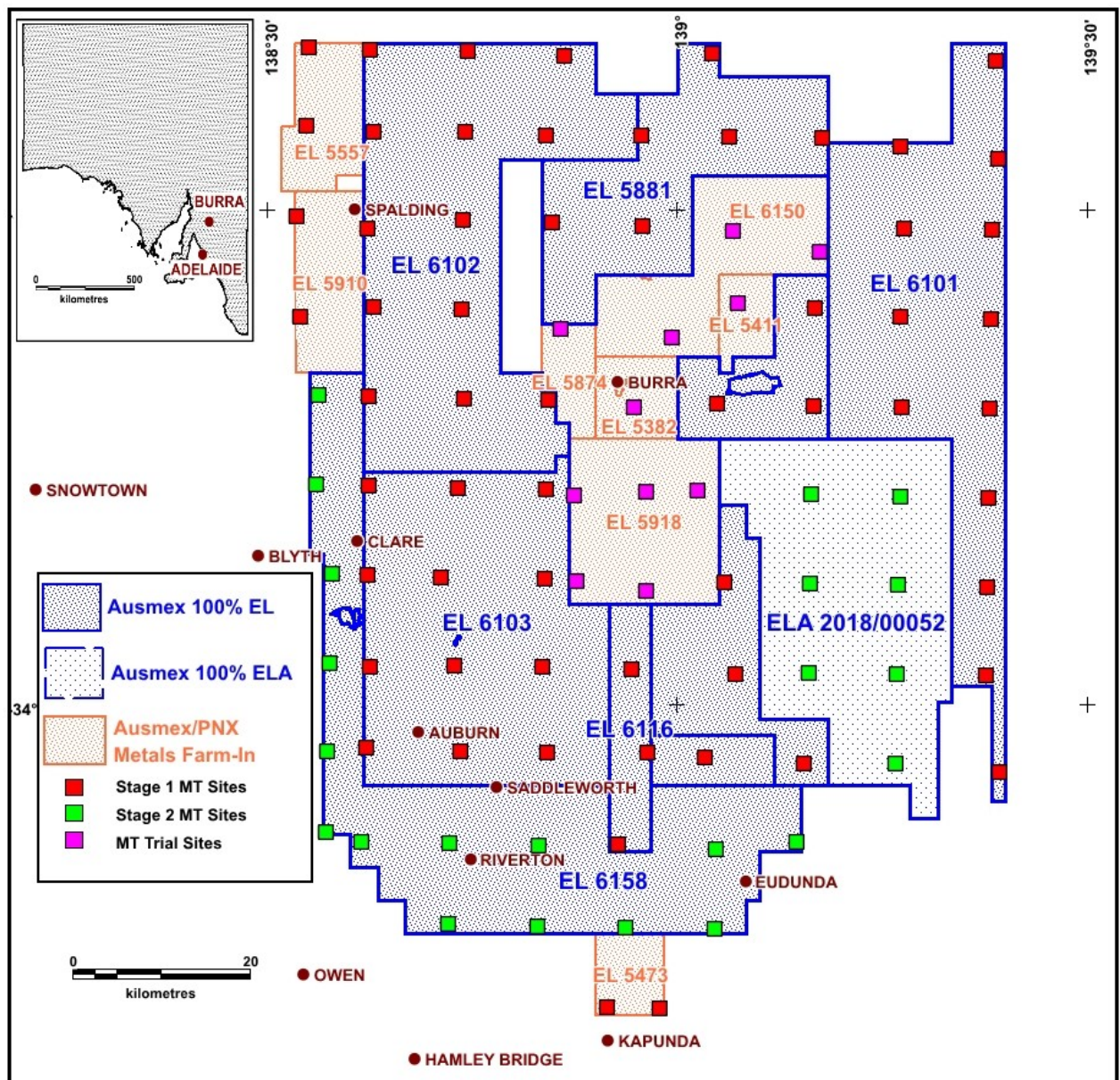
Photo 2. Consultant Geologist & Ausmex Project Manager Nicole Galloway Warland conducting MT surveys.

## **HIGHLIGHTS & BACKGROUND**

On 13<sup>th</sup> March 2018 the Company announced that a previous exploration program conducted by Geoscience Australia over Ausmex South Australian tenements had made a significant discovery. The discovery was the result of the MT Survey undertaken by AusLAMP, Geoscience Australia, Geological Survey of South Australia and the Department of Earth Science at the University of Adelaide (UoA). The “Magnetotelluric Geophysical Program”, (MT) identified a large conductive structure within the Ausmex controlled ground. The structures’ signature shares similar features with the AusLAMP’S signature below the IOCG deposit at BHP’s Olympic Dam, both located within the highly prospective G2 corridor. To understand the potential size of the conductive structure identified to date, it is potentially larger than the city boundaries of Sydney and Melbourne. The purpose of the new magnetotelluric geophysical survey (at 10 km spacing), is to define targets for future drilling programs, and to test mineral pathways that originate from the AusLAMP discovered structure.

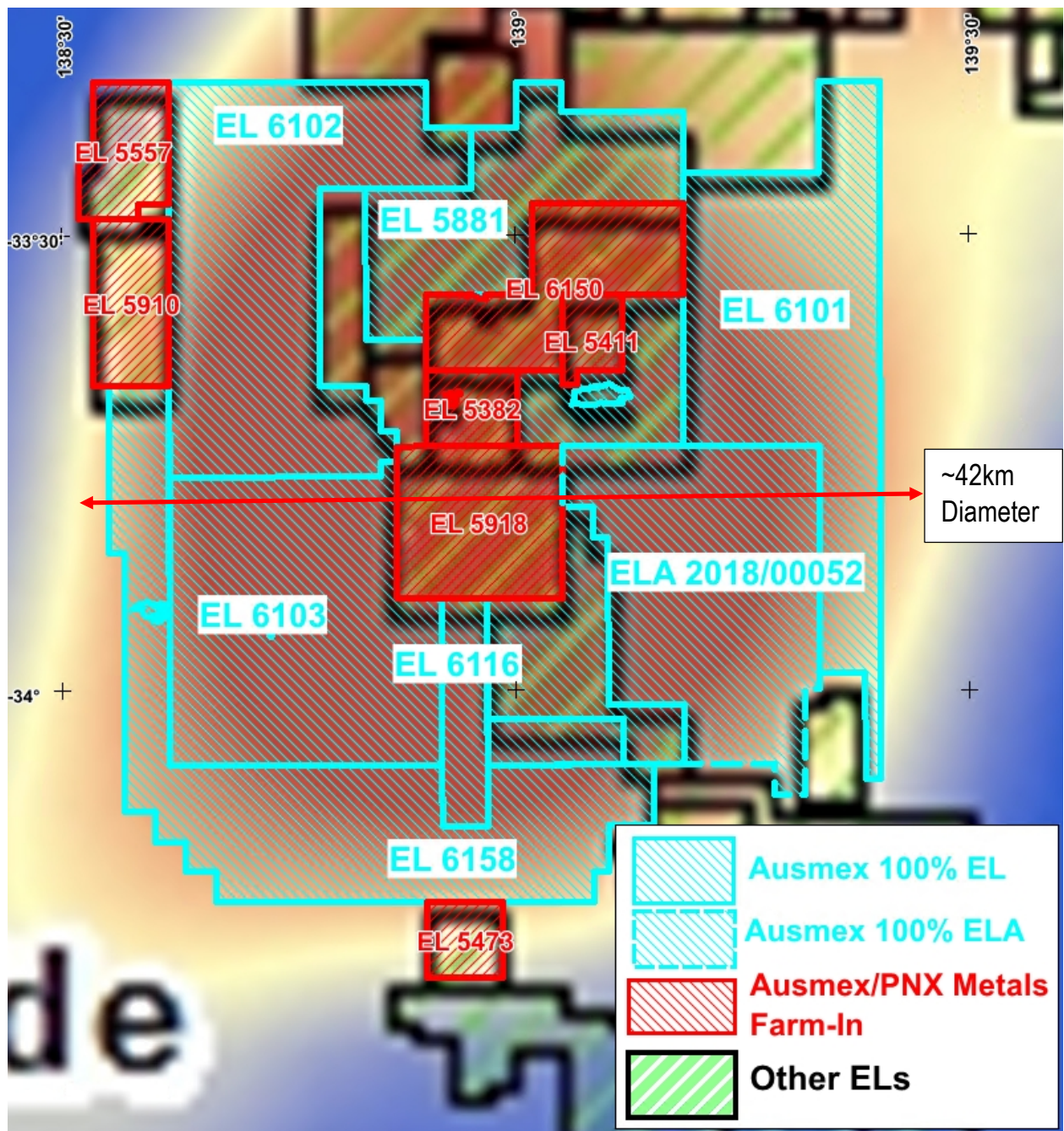
Thirty-one (31) of the ninety-five (95) sites have already been completed to carry out the massive MT survey within the ~ 6364 Sq km area to define the upcoming drilling program.

Ausmex has already received approaches from a number of interested major national and international mining companies based on our results to date at Burra SA, yet the company has elected at this stage to carry out the forward MT and drilling programs alone, until we can determine the magnitude of what we may discover. The company is well funded with zero debt and in a position to take this project and others to the next level before considering any joint ventures or partnerships.



**Figure 1.** Ausmex's MT survey site location plan. Stage 1 MT survey has commenced targeting a large AusLAMP\* conductive structure previously identified at Burra. (Refer Figure 2 below).





**Figure 2.** The AusLAMP\* program conducted by Geoscience Australia, University of Adelaide & the Geological Survey of South Australia identified a large conductive structure (red) below Ausmex's tenement suite at Burra. The current MT stage 1 survey is targeting the conductive structure with the Stage 2 MT survey to continue immediately the Ausmex Riverton ELA is awarded as an EL. *(The above Image was produced by Geoscience Australia and provided by UoA to the Company at no cost).*

### **The new Stage 1, 10 km wide spacing “Magnetotellurics Geophysical Survey” underway.**

The Company is pleased to announce that Prof. Graham Heinson’s team from the University of Adelaide (UoA) has commenced Stage 1 of the company’s Magnetotellurics (MT) Survey (10 km grid spacing) over the Ausmex controlled tenement suite at Burra, SA, aimed at identifying potential shallow mineral pathway drilling targets that may correlate with the previously identified AusLAMP large conductive structure.

The MT program covers 4,379 sq kms of Ausmex’s ELs and PNX Metals Ltd (PNX) ground as covered by the AMG/PNX Farm-In Agreement (*Refer ASX announcement 7<sup>th</sup> August 2017*) as Stage 1 and a further 1,985 sq kms in Stage 2 (see Figure 1 and the further explanation below)

### **Sites for the MT Survey total 95 sites, covering a total area of approx. 110KMS X 80KMS.**

As described above, a total land area of ~ 6364 sq kms is to be covered by this MT Survey. Approximately 95 sites have been planned to cover this ~ 110 kms N-S X 80 kms E-W region with a 10 kms spaced grid of MT detection sites. (*The area incorporates the AusLAMP discovered conductive structure*).

This field work is being undertaken by a team from the University of Adelaide (UoA) under direction from Prof. Graham Heinson, in collaboration with, & supervised by, Ausmex’s independent geological consultant, Nicole Galloway Warland – Project Manager Burra Region.

### **The work is on schedule**

Currently Ausmex and UoA have completed 31 of the 95 sites with the work progressing well and on schedule (this includes the 11 sites that were undertaken as part of Ausmex’s MT Trial last November 2017 and the results from those Trial sites will be included in the modelling of this entire program).

### **Bringing Burra exploration into the 21<sup>st</sup> century**

The Burra region became well known from the 1840’s to the early 20<sup>th</sup> century with all discoveries and exploration based on outcropping structures, however Ausmex has always believed, and the UoA’s Institute of Mineral and Energy Resources’ (IMER) literature search and report as commissioned by Ausmex and titled “Geology and Exploration History of the Burra Area” confirmed, that the Burra region is actually substantially under-explored.

MT has been applied extensively by UoA and the Geological Survey of South Australia (GSSA) in recent times and while examining all past work, Ausmex studied the collaborative national AusLAMP program. AusLAMP identified a large conductive body at depth below Burra that is of the order of 42 kms or more in diameter, see Figure 2. This body appears to be similar to others identified by the AusLAMP program within the G2 structural corridor below the Gawler Craton and also beneath the Curnamona district.

This MT investigation is designed & proven to effectively look below the outcropping mineralisation to gain an understanding of the geological setting and processes beneath &

around the Burra district by measuring the natural time variations in the earth's magnetic and electrical fields and through subsequent application of the UoA's modelling techniques, will be looking for shallow conductive mineralised structures & pathways, primarily related to copper, gold and cobalt mineralisation.

**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 (Olympic Dam, Prominent Hill).

**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.

**Managing Director Matt Morgan Stated:**

*"We have a large conductive structure deep below Burra and we have outcropping mineralisation in every EL in and around Burra. This program is designed to connect those features and to identify shallower conductive structures which, given the nature of what Ausmex sees around the district, may be a large IOCG or similar target.*

*Ausmex has a fantastic team working in and around Burra that have cemented strong working relationship with the local community, Graham Heinson's group at the UoA and the Geological Survey of South Australia. With such leading-edge expertise and world's best practice exploration techniques focused on discovery at Burra, the future looks very promising for this area."*

**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 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.*