

Upcoming gold producers in Queensland

Ausmex fast-tracks gold production

Ausmex Mining Group aims to fast-track open cut gold mining at its Mount Freda Complex near Cloncurry, with first production on-track for the second half of next year.

Ausmex Mining Group managing director Matt Morgan is not coy about his expectations for the fledgling goldminer.

"We plan to be the next gold producer in Queensland," he says.

Not that Queensland is the only focus for Ausmex. It has exposure to two major mineral provinces. One is the Burra project in the G2 structural corridor in South Australia, best known for BHP Billiton's Olympic Dam mine.

But for Morgan, the Sunshine State, and Ausmex's Mount Freda complex, is the key focus.

The iron oxide copper-gold (IOCG) project is a combination of grants and mining leases near Cloncurry acquired by Ausmex three years ago. From 1987 to 1991 the ground had produced over 120,000 ounces of gold at an average grade of four grams per tonne.

Morgan says the reason for the mine's closure 28 years ago was not a lack of gold under the ground, but a five-year slide in the price of gold.

"They left a lot of ore underneath the open-cut when mining ceased," he says.

The area's potential has been overlooked ever since, says Morgan. But after three years of drilling and poring over historic resource estimates he is on the way to remedying that neglect, beginning with the imminent release of resource estimates complying with the latest (2012) JORC code.

Morgan says the results from more than 60,000 metres of drilling by Ausmex support the assertion that the Mount Freda Complex has been undervalued.

"Dozens of historic goldmines that have never been drilled before – we've started systematically drilling underneath them and we're getting gold everywhere," he says.

As well as the ground below the old open cut Mount Freda mine, which already enjoys a mining lease, the complex includes a prospective area immediately to the north.

"We called it the Golden Mile – it's full of historic goldmines," Morgan says.

"We drilled through and we are getting resources out of three of them. They are very high-grade."

An Ausmex announcement to the ASX in July headlined the drilling results as "bonanza gold grades".

Morgan says the indications are that the area is amenable to an open cut operation and expects the mining lease for the Golden Mile to be granted in April 2020.

Of course, there is more to a viable goldmine than ore grades, but Morgan is upbeat about the entire chain of production. Road and rail infrastructure, along with electricity, are within easy reach thanks to the previous and ongoing development of this mineral-rich area.

Morgan also eyes an easy win on the processing front: Ausmex plans to toll treat ore produced by the project at established facilities in close proximity to the project area.

Ausmex has an option agreement to use WH



Operations at Ausmex Mining Group's Queensland gold project.

Soul Pattinson's nearby Great Australian mine plant, with its 650-kilo-tonnes per annum capacity, but there is also the Lorena goldmine with 350 kilo-tonnes per annum.

This end-run around capital expenditure allows Ausmex an accelerated series of milestones over the coming year. Updated JORC 2012 resources, including for the Golden Mile, are due shortly, followed by feasibility studies, and a mine reserves statement expected by February 2020.

"All the infrastructure is in place, it will be contract mining and the open cuts there, there is gold on the floor of the open cut," Morgan says.

"So we are aiming for gold production by September 2020."

The intention is to open the floodgates on a river of cash that can fund ongoing exploration over the coming two or three years for what may be the real pay off from the Mount Freda project.

The exploration target – an educated stab at what lies beneath – was defined by Ausmex in September as somewhere between 19 and 30 million tonnes of ore with a grade of 1.7 to 3.4 grams per tonne.

"We have a mineralised system at Mount Freda that is more than 10 kilometres long that has the potential to host multiple high-grade gold operations," Morgan says.

"We anticipate cash from gold production in 2020 will pay for drilling moving forward, with the

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potential for plenty of uplift for the company and its shareholders."

But to take full advantage of that potential will require Ausmex to dig deeper than open-cut pits allow.

"The geological model tells us that it's epithermal gold mineralisation at the surface, and that's stemming out of a deeper source," Morgan says.

"We have identified that deeper source, and that's a thousand metres below and its coming out of a large IOCG target."

Ausmex is not the only shark circling this subterranean prey. Morgan points out that Newcrest Mining is drilling on the boundary of Ausmex's Mount Freda site in what's dubbed the

Canteen prospect. He clearly sees it as a vote of confidence in the approach Ausmex is taking.

"So we are going to keep drilling on the surface for cash flow, but the exciting thing is we have this big, deep target that is potentially world-class," he says.

"It's about quick short-term cash flow to keep on drilling and then ramp it up to build a very big company quickly."

But Ausmex is playing an even longer game that extends beyond Queensland, and with an eye on longer-term prizes.

More than 2000 kilometres to the south, only a couple of hours' drive north of Adelaide lies the Burra project, where Ausmex intends to begin drilling by the end of November.

"They are typical very-large-scale IOCG deposits, but mineralisation also includes uranium, cobalt and rare earths," Morgan says.

Ausmex has its funding plans well in hand. It has additional cash coming from the \$4.0 million dollar sale of its Gilded Rose mine to Jin Resources and, Morgan says, can anticipate solid cash flow, first from the Mount Freda mine, and then the Golden Mile and, further into the future, potentially also from the deeper IOCG targets below the initial operations.

"And that would provide plenty of cash flow to keep drilling both the Golden Mile and Burra," he says.

Ausmex Mining Group Queensland's next gold producer

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