

ASX RELEASE (ASX: AMG)

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AUSMEX ENTERS INTO AN OPTION FOR A FARM-IN AND JOINT VENTURE OVER ADJOINING GROUND AT BURRA

Ausmex Mining Group Ltd (AMG, or the Company) is pleased to announce that it has executed a binding term sheet with PNX Metals Ltd (ASX: PNX) for an Option to enter into a Farm-In and Joint Venture in relation to the following tenements, which adjoin or are close to Ausmex's EL 5881 around Burra, South Australia.

Exploration Licences	Name	Holder	(Area sq. km)
Adelaide Geosyncline			
EL5382	Burra Central	PNX Metals Ltd 100%	84
EL5874	Burra West	PNX Metals Ltd 100%	69
EL4970	Burra North	PNX Metals Ltd 100%	300
EL5411	Mongolata	PNX Metals Ltd 100%	60
EL5918	Princess Royal	PNX Metals Ltd 100%	314
EL5473	Bagot Well	PNX Metals Ltd 100%	71
EL5910	Spalding	PNX Metals Ltd 100%	157
EL5557	Washpool	PNX Metals Ltd 100%	135
			1,190

Table 1. PNX tenements subject to the Option agreement with AMG

The ELs that are subject to this Option are all presently held by PNX ('PNX ELs') in the Burra region and include the area surrounding Burra and the Monster Mine, the Princess Royal prospect, the Eagle Vale prospect and the Mongolata Goldfield.

The combination of the PNX ELs and the Ausmex EL around Burra will enhance the ability of Ausmex to consider Burra in a regional context. The PNX ELs comprise a total area of 1190 sq km. When combined with Ausmex's 970 sq km, the total creates an exploration package of 2160 sq km over the highly prospective Burra regional gold and copper field.

The additional tenement suite covered by the Option will advance Ausmex's current exploration strategy to locate further examples of the known Burra mineralisation, including what has been described by several experts on the area as "the other half" of the Monster Mine orebody which expert geologists believe has been displaced by the Kingston Fault.

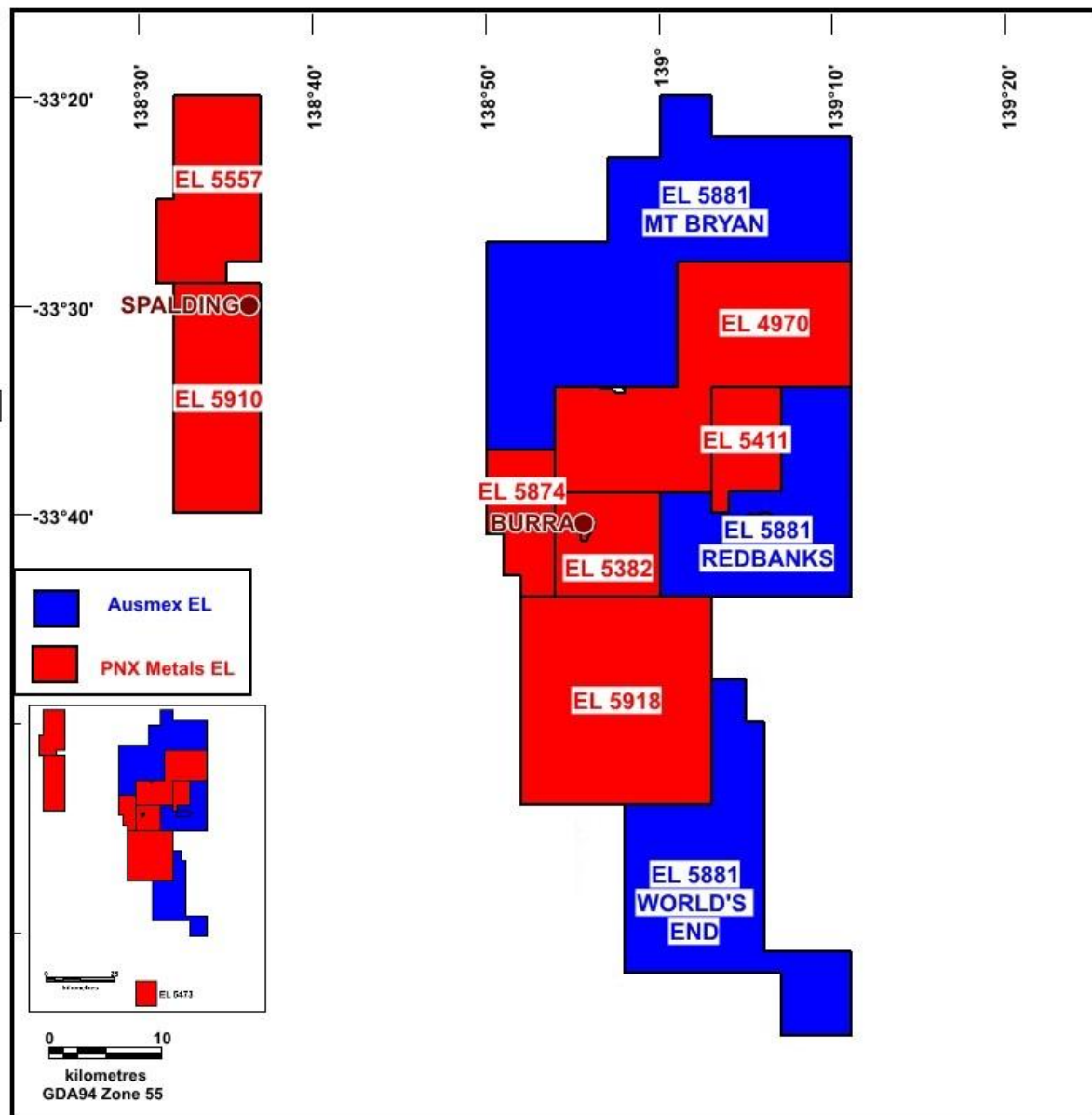


Figure 1 Ausmex and PNX tenement suite Burra, SA

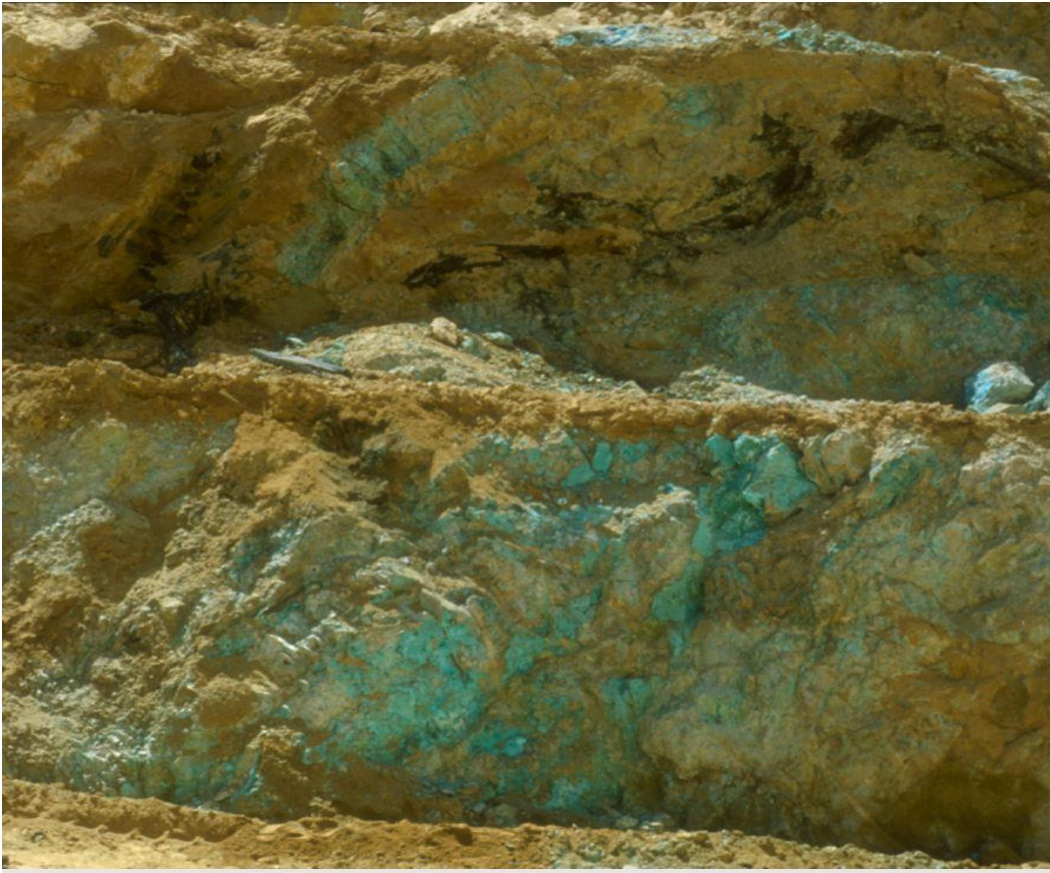


Image 1. High grade copper ore, Burra open cut (Source PNX)

Terms of the Binding Option agreement include:

- Initial Option fee comprising Ausmex completing a regional geophysical program that will involve the expenditure of \$30,000 to \$50,000 over the next 12 months or the duration of the geophysical program, whichever is the shorter ('Option period').
- PNX will immediately make their database and past exploration data available to Ausmex and Ausmex will make the results of the geophysical program available to PNX for their use thereafter.
- Ausmex may exercise the Option at any time during the Option period and may withdraw from the Farm-in or any subsequent Joint Venture at any time without penalty.

- Should Ausmex exercise the Option allowing it to farm-in to the PNX ELs, the 1st Stage of the Farm-in will involve Ausmex earning a 60% interest in the PNX ELs through undertaking 1,500 m of cored drilling, or other exploration to an equivalent value, within 12 months of exercising the Option.
- Upon Ausmex earning 60% of the PNX ELs at the completion of Stage 1, PNX may opt to form a Joint Venture and contribute thereafter on a 60/40 basis or if that is not the case, Ausmex can earn 90% of the PNX ELs in a Stage 2 farm-in by the further completion of 1,500 m of cored drilling, or other exploration to an equivalent value, within 12 months of completing Stage 1.
- Upon Ausmex earning 90% of the Joint Venture at the completion of Stage 2, PNX may opt to contribute thereafter on a 90/10 basis or if that is not the case, Ausmex will obtain 100% and PNX be entitled to a 2% Net Smelter Return royalty on any future production from the PNX ELs.
- Should Ausmex exercise the Option and go on to earn an interest in the PNX ELs, Ausmex will assume its proportionate share of the obligations contained in pre-existing PNX Tenement Acquisition and Royalty Agreements (as detailed in PNX's Annual Reports) in the form required under those agreements.

Ausmex's Managing Director, Matt Morgan commented

"What a great outcome for Ausmex shareholders. The agreement with PNX adds access to an additional 1190 sq km of prospective gold and copper tenements within the Burra field. Ausmex now has access to a substantial holding around Burra with the potential to host significant gold and copper mineralisation. The Ausmex Team is planning an extensive exploration program with the technical assistance of the University of Adelaide and Allender Exploration under the current Ausmex Partnership Agreements. The combination of leading edge, world class expertise and highly prospective exploration tenements creates a very positive outlook for Ausmex Shareholders".

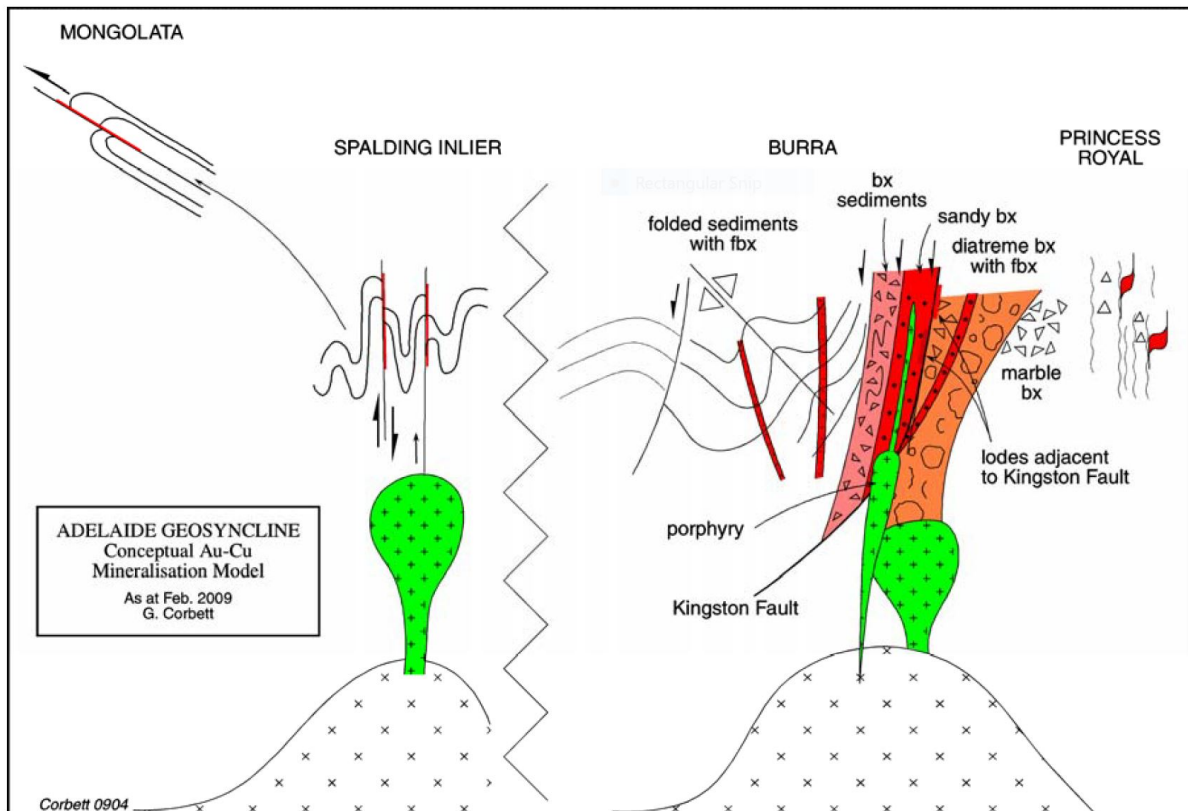


Figure 2. Conceptual model for intrusion – related Cu-Au mineralisation in the Burra district. Cu-bearing lodes and fluidised breccias at Burra and tension veins at Princess Royal are interpreted to have been derived from an intrusion source at depth. The presence of marcasite (Plimer, 1997) provides the Mongolata Au occurrences with a higher crustal level distal setting to the intrusion source than the deeper level Spalding occurrences.

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