



Australia United Mining Limited

Quarterly Activities Report

January 2018 – March 2018

1. OVERVIEW

The company holds tenure over four projects in NSW and QLD as illustrated in Figure 1, all of which contain prospects with targets identified. Three of the projects show evidence of significant historical gold production and AYM plans to advance these prospects to drill ready status.

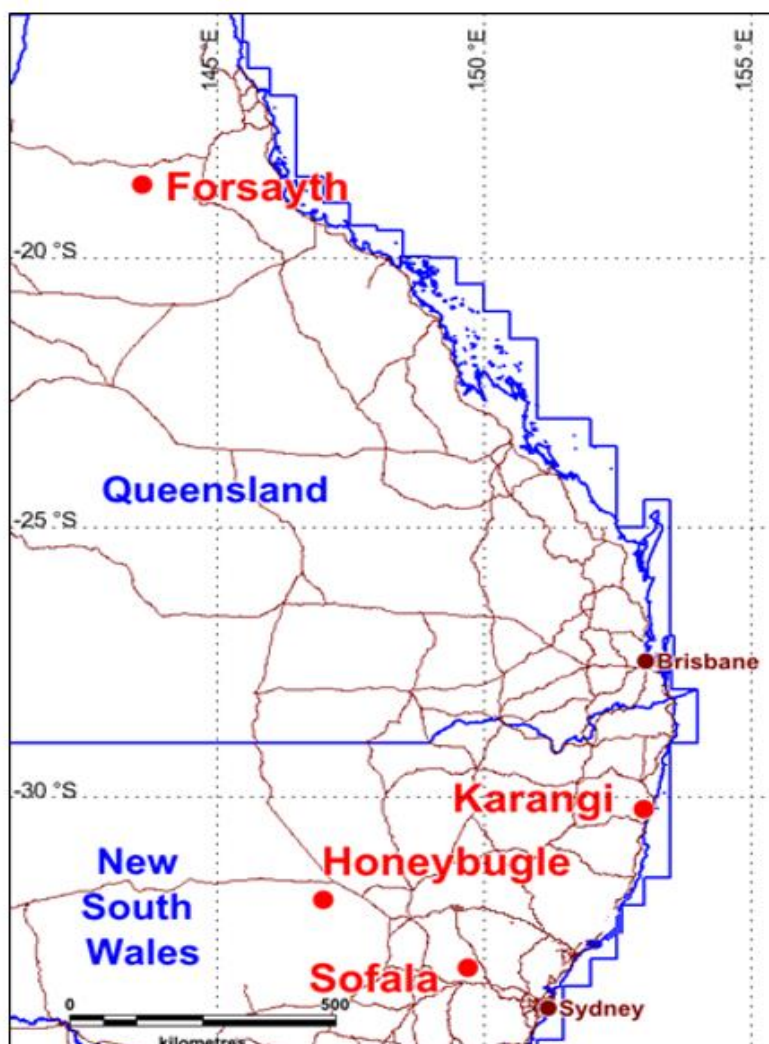


Figure 1: Location of AYM Projects

2. EXPLORATION ACTIVITIES IN NEW SOUTH WALES

2.1 SOFALA – EL 7423 (100% AYM)

The Sofala Project covers a portion of Sofala Volcanics and younger sediments on the eastern side of the Hill End Trough. The area is host to a large number of vein style gold occurrences especially within the central portion of the project and these are likely to be the source area for much of the alluvial gold historically mined about the villages of Sofala and Wattle Flat and along the Turon River. Hard-rock gold workings occur at Surface Hill, the Queenslander mine, Solitary Reef and other locations.

In Last November, AYM lodged the renewal application of Exploration Licence 7423 and government has acknowledged the renewal application. In the work program of renewal application, AYM is expected to achieve the following objectives in Spring Gully in 2018:

- Completion of land access and compensation agreements with land owners
- Site preparation and appointment of drilling contractor
- 5×150m diamond drill holes totalling 750m, selected from 11 possible sites as shown in Figure 2

In this quarter, AUML submitted partial relinquishment report for EL 7423 Sofala as supplementary material of renewal.

2.2 KARANGI – EL 8402 (100% AYM)

The Karangi Project is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits. There are a very large number of gold, copper, mercury and manganese occurrences within the project area. The Illabo mine and the Beacon Group are the largest past gold producers. At the Mount Brown mine, copper is the predominant metal, while native mercury occurs at the Woolgoola prospect.

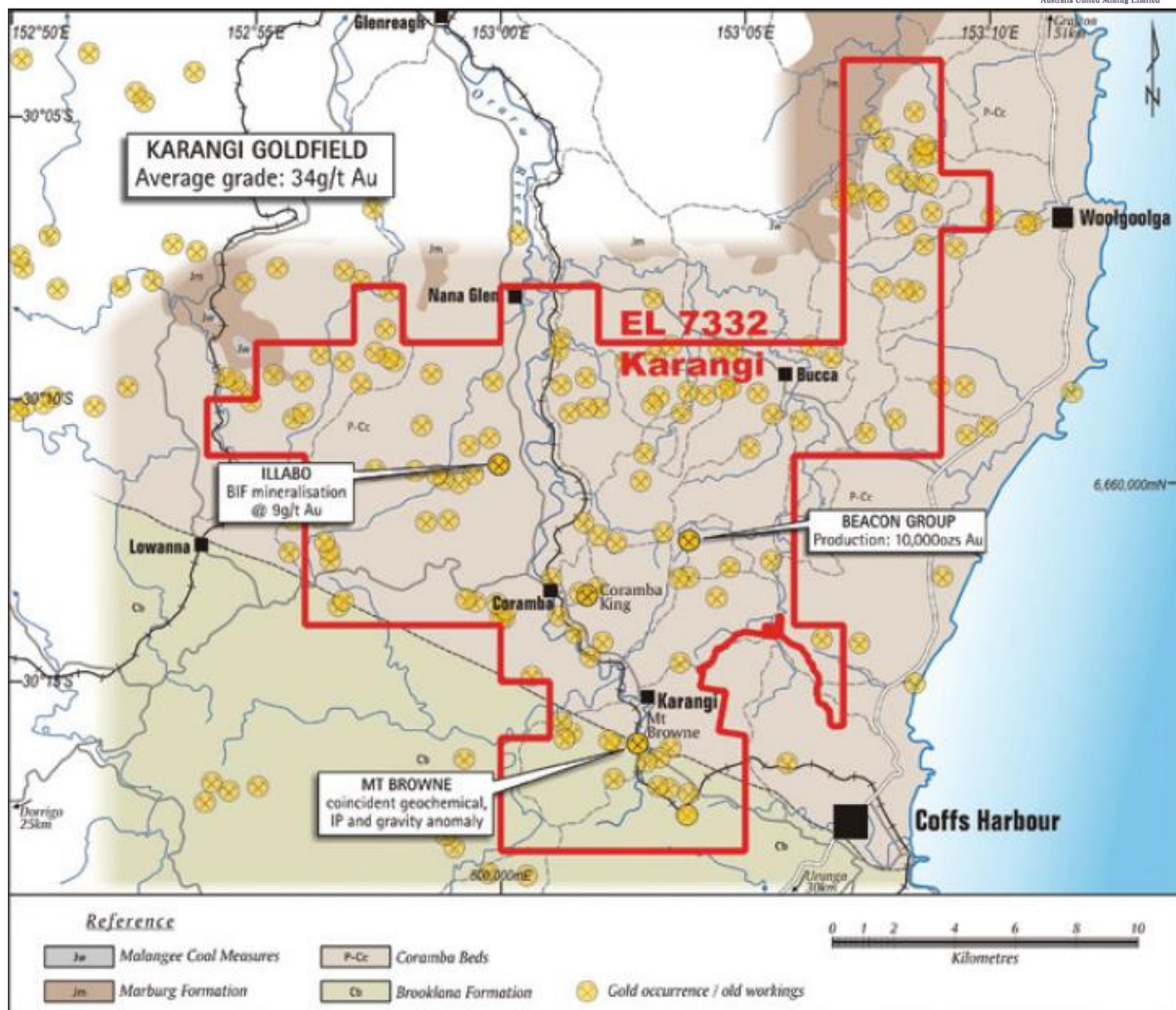


Figure 3 Historical Mines in Karangi

There has been considerable on-ground reconnaissance, detailed mapping and sampling completed by AYM with a view to testing concepts by diamond drilling. The nature of the topography, environmental constraints likely social concerns will provide significant challenges and can be expected to add considerably to any exploration budget.

2.3 HONEYBULGE – EL 7041 (100% AYM)

The Honeybugle Project is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetic survey images. This area is deeply weathered and contains metalliferous lateritic soil profiles enriched in platinum, nickel, cobalt and scandium. AYM has completed a high resolution aeromagnetic and radiometric survey with follow up

ground magnetic surveying completed. Three intense magnetic anomalies were defined as drilling targets and, although the source of the anomalies is not known, they may possibly represent ultramafic pipes enriched in platinum group elements. Modelling of the anomalies is required prior to drill test.

In last September, AYM completed the forward modelling of the ground magnetic data collected over three grids: Woodlong North, Woodlong South and Mayo in 2014. Five magnetic anomalies were modelled to define drilling targets as illustrated in Figure 4 and a single drillhole has been designed to optimally test each of the target anomalies as illustrated in Table 1.

According to the modelling result, Anomaly 1 is a relatively simple anomaly that can be modelled with a single, highly susceptible lens type body. In comparison, Anomaly 2 and Anomaly 3 are much more complicated with a complex sub-circular feature which need 3D inversion modelling to provide a better picture of their source geometry. Anomaly 4 and Anomaly 5 have similar features which comprise a broader zone of moderate susceptibility encompassing discrete lenses of high susceptibility.

Table 1. Proposed target drill holes

Target	Model Bodies	Collar Easting	Collar Northing	Azimuth (MGA deg)	Dip (°)	Downhole depth to intersection (m)
Anomaly 1	17,26,27,28	497915	6478630	235	-60	130-180
Anomaly 2 “East”	1,30,31,32	497610	6477210	045	-60	120-130
Anomaly 3 “Main”	12	499220	6475010	030	-60	90
Anomaly 4	3,5,6,8	499800	6473870	060	-60	140-170
Anomaly 5	18,23,24,25	506130	6473280	070	-60	130-160

In this quarter, AUML lodged the application for the renewal of Exploration Licence No. 7041. On 5 April 2018, Department of Planning & Environment approved the renewal of

EL 7041. The renewal of the licence took effect on 4 April 2018 and will be expired on 24 January 2020.

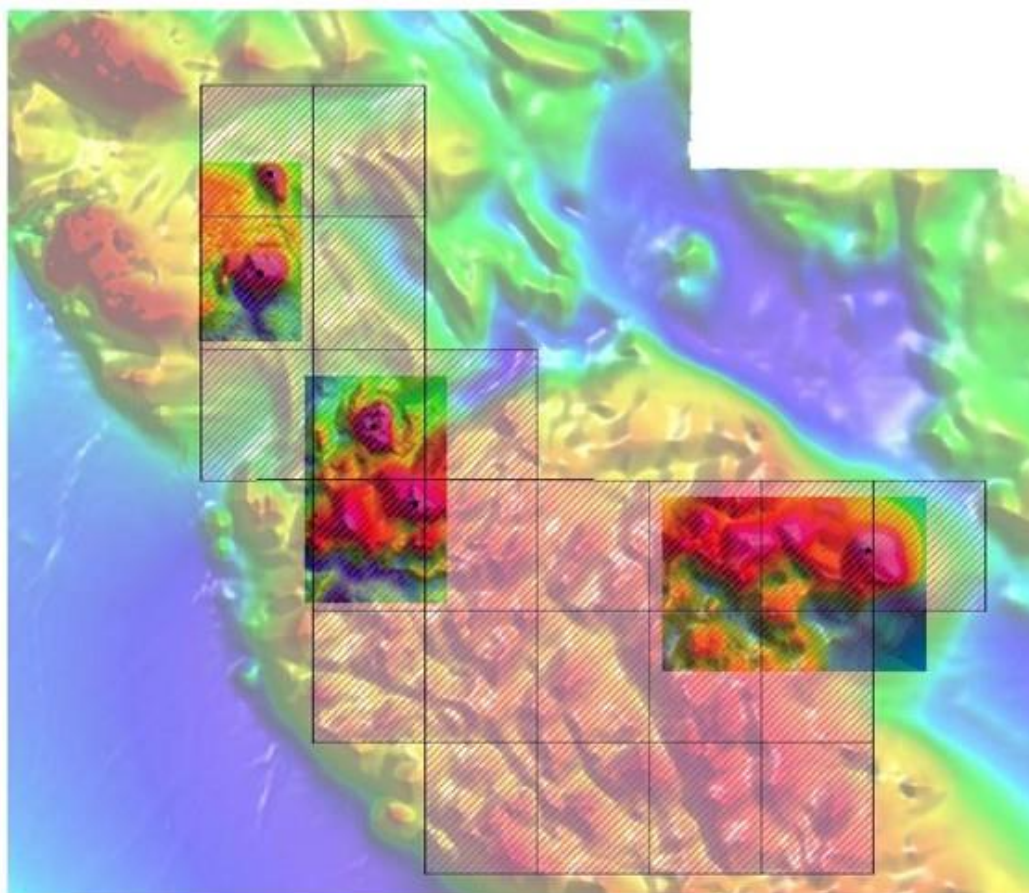


Figure 4. Ground magnetic survey over aeromagnetic data.

3. EXPLORATION ACTIVITIES IN QUEENSLAND

3.1 FORSAYTH – ML 3417, ML 3418, EPM 14498 (100% AYM)

The project is located within the Forsayth Province of the Georgetown Inlier. The Etheridge gold field produced about 600,000 oz gold, but of the two largest mines at Forsayth, the Caledonian produced 10,900 oz and the Ropewalk 1,931 oz. Over 50 historic gold workings, prospects and significant past producing mines occur within the project area and at least 18 companies have explored the area.



4. TENEMENT HOLDINGS

Table 2 listed all tenements currently held by Australia United Mining Limited.

Table 2. AYM Tenement holdings

Licence No.	Licence Name	Location	Grant Date	Expiry Date	Area (km ²)	Status
EL 7041	Honeybugle	NSW	04/04/2018	24/01/2020	32	Granted
EL 7423	Sofala	NSW	30/11/2009	29/11/2019	33.5	Application lodged
EL 8402	Karangi	NSW	29/10/2015	28/10/2018	225	Application lodged
ML 3417	Ropewalk 1	QLD	01/04/1987	31/03/2018	1.3	Application lodged
ML 3418	Ropewalk 2	QLD	01/04/1987	31/03/2018	1.1	Application lodged
EPM 14498	Forsayth	QLD	16/01/2006	15/01/2021	59	Granted