



**Australia United Mining Limited**

**Quarterly Activities Report**

**October 2018 – December 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.

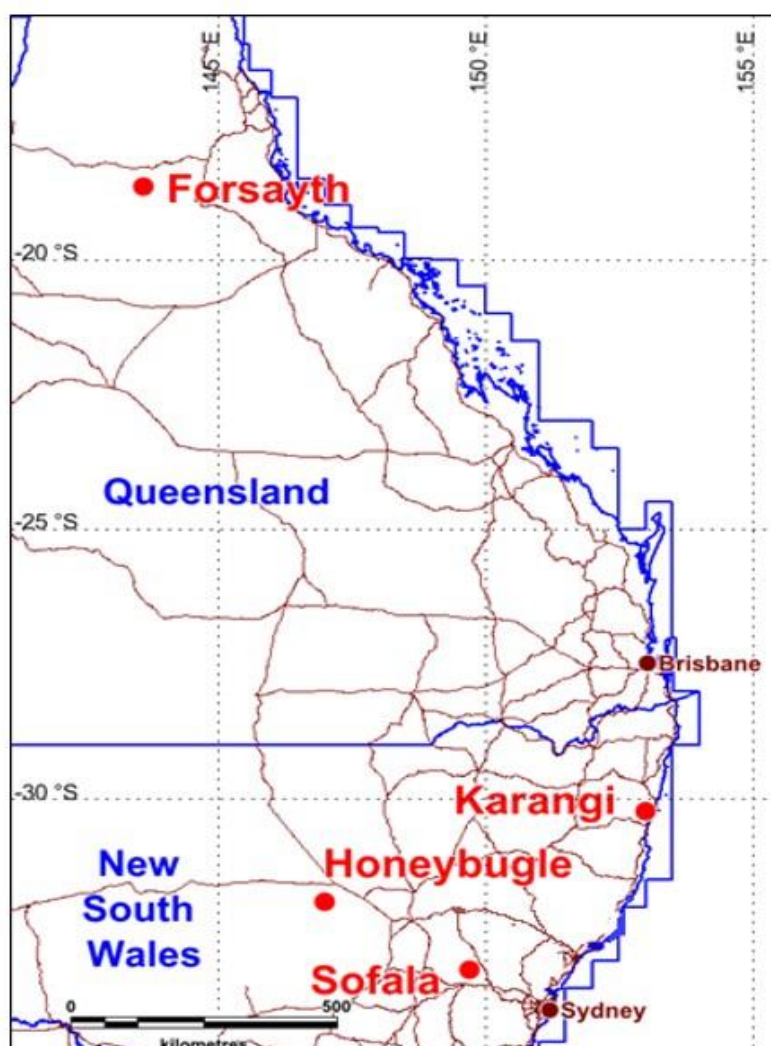


Figure 1: Location of AYM Projects

## **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 February 2018, the licence was renewed for a further two year term and AYM is expected to complete the following exploration at Spring Gully in 2018-2019:

- 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

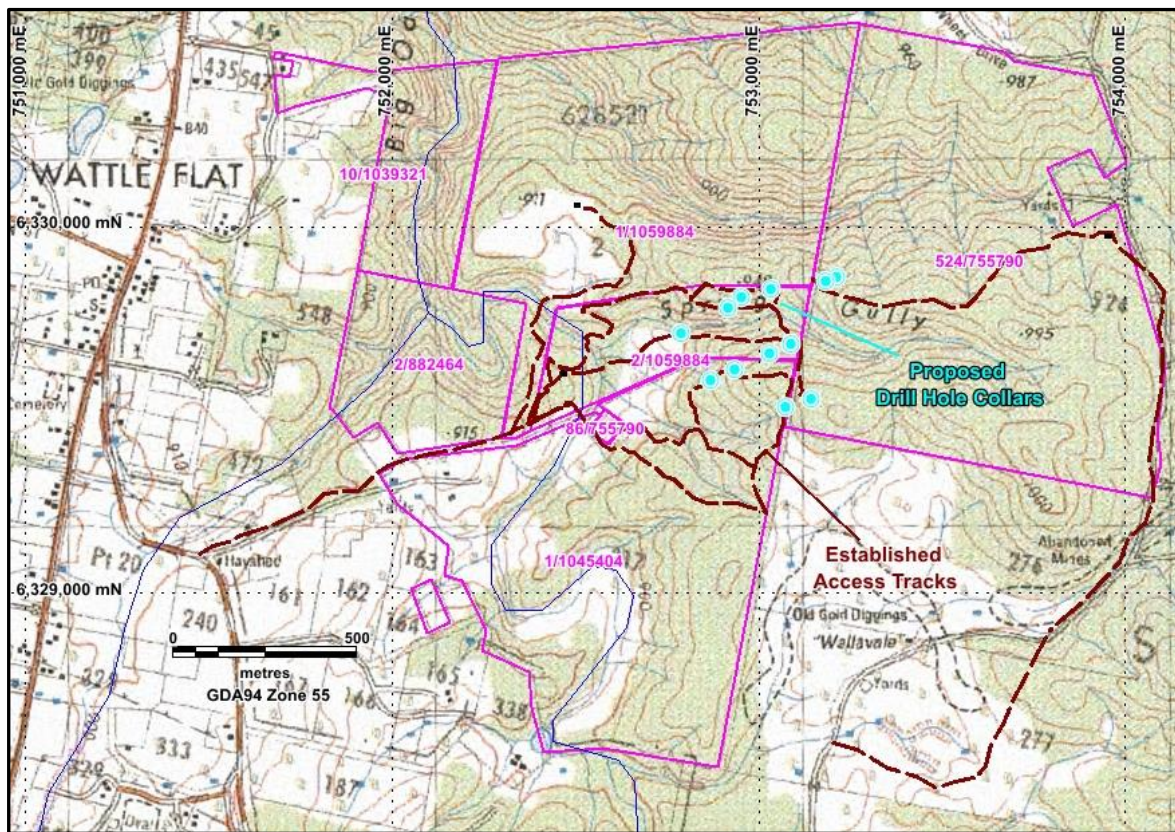


Figure 2 Proposed drill sites

During the December quarter, the annual report for EL 7423 was lodged.

## 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.

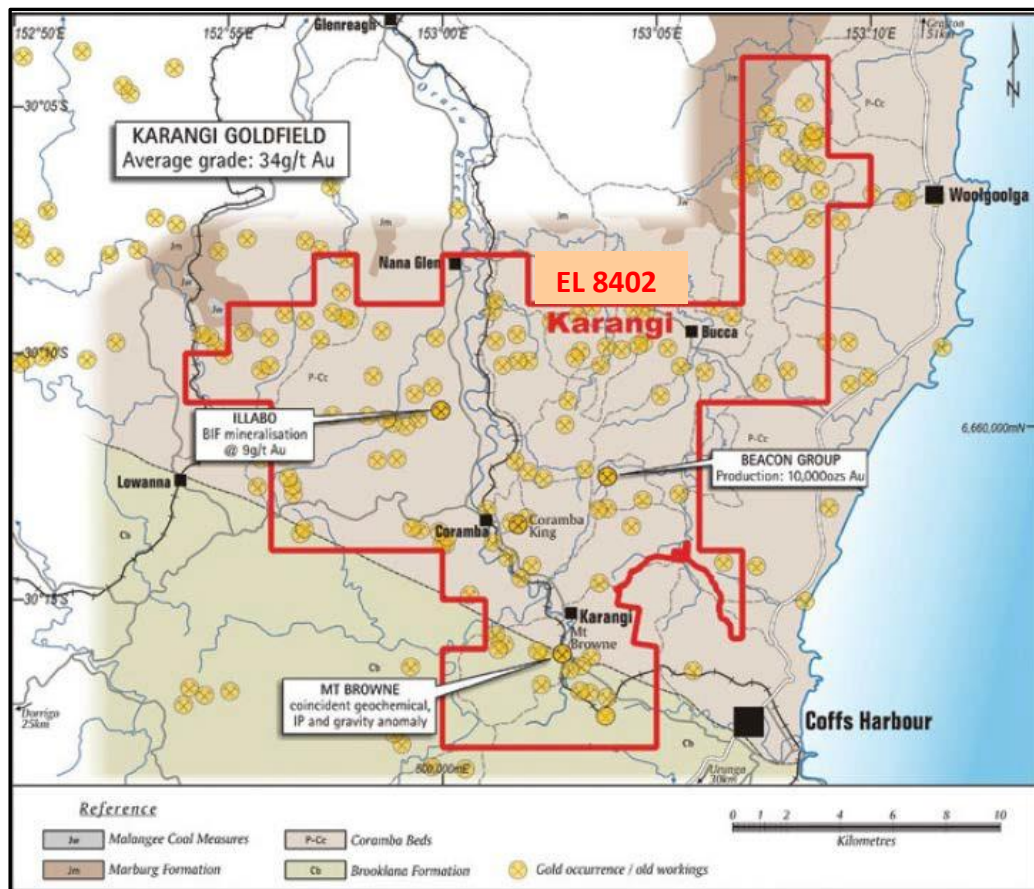


Figure 3 Historical Mines in Karangi

There has been some 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 and likely social concerns will provide significant challenges and can be expected to add considerably to any exploration budget.

In this quarter, AYM lodged the application for the renewal of EL 8402. The Karangi 2018 annual report has been submitted to the NSW government.

## 2.3 HONEYBUGLE – EL 7041 (100% AYM)

The Honeybugle Project is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetics. 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.

In September 2017, AYM engaged a consultant geophysicist to complete the forward modelling of the 2014 ground magnetic data collected over three grids: Woodlong North, Woodlong South and Mayo. 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.

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 requires 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 (GDA94 Zone 55)	Collar Northing (GDA94 Zone 55)	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

An application to renew the Exploration Licence No. 7041 was approved by the government on 5 April 2018 will expire on 24 January 2020.

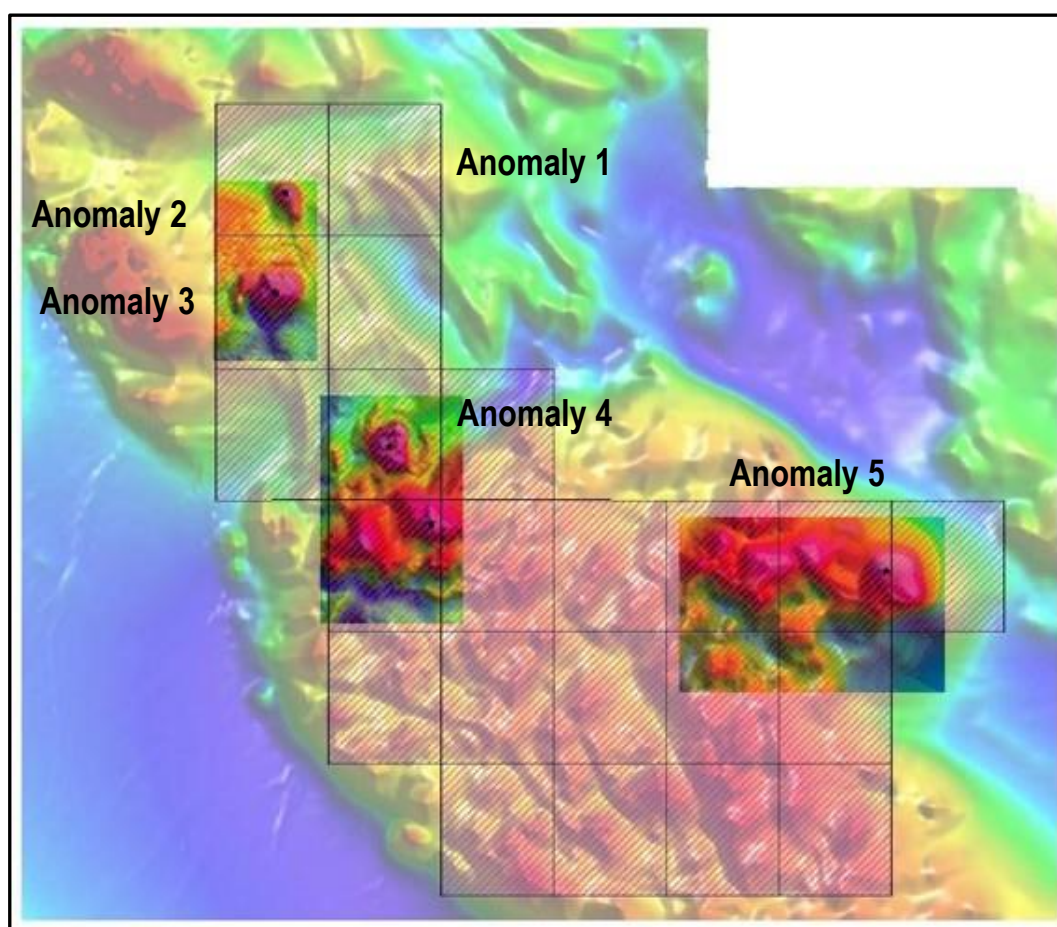


Figure 4. Ground magnetic survey data overlain on aeromagnetic data



### 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.

Previously, AYM's Shandong Team Six managed and compiled previous exploration data. All these data will be used as reference for future development of the Ropewalk mine and exploration activities. AYM has made significant progress towards an Access and Compensation Agreement with landowners.

In this quarter, AUML applied for a variation to the relinquishment conditions of EPM 14498.

### 4. TENEMENT HOLDINGS

Table 2 lists all tenements currently held by Australia United Mining Limited or its subsidiaries.

Table 2. AYM Tenement holdings

Licence No.	Licence Name	Location	Grant Date	Expiry Date	Area (km <sup>2</sup> )	Status
<b>EL 7041</b>	Honeybugle	NSW	04/04/2018	24/01/2020	20	Granted
<b>EL 7423</b>	Sofala	NSW	30/11/2009	29/11/2019	36	Granted
<b>EL 8402</b>	Karangi	NSW	29/10/2015	28/10/2018	225	Renewal application lodged
<b>ML 3417</b>	Ropewalk 1	QLD	01/04/1987	31/03/2018	1.3	Renewal application lodged
<b>ML 3418</b>	Ropewalk 2	QLD	01/04/1987	31/03/2018	1.1	Renewal application lodged
<b>EPM 14498</b>	Forsayth	QLD	16/01/2006	15/01/2021	59	Granted