

18<sup>th</sup> December 2020

Market Release

**FINAL DRAFT ENGINEERING, GEOLOGICAL AND PIT OPTIMISATION STUDIES FOR AUSMEX'S COMSTOCK HISTORICAL GOLD MINE INDICATE ROBUST MARGINS.**

**COMSTOCK INFILL DRILLING FOR RESOURCE UPGRADE IS NEARING COMPLETION.**

**Mining and Gold Production is forecast to commence in the first quarter of 2021.** The Comstock is an historical high-grade Gold mine that forms part of the Golden Mile. It is located approx. 200m to the West of the Falcon and Shamrock historical Gold mines (owned by Ausmex) located within the 2klms wide mineralized zone known as the Golden Mile. The Comstock, Falcon and Shamrock Mines are a JV between Ausmex Mining Group 80% and WH Soul Pattisons Ltd subsidiary, Round Oak Minerals 20% (ASX: AMG 16<sup>th</sup> April 2018) The Comstock is located approx. 500m North of the Ausmex flagship Gold mine the Mt Freda Project.

**PIT DESIGN AND PIT OPTIMISATION STUDIES INDICATES LOW WASTE TO ORE RATIO OF 4:1**

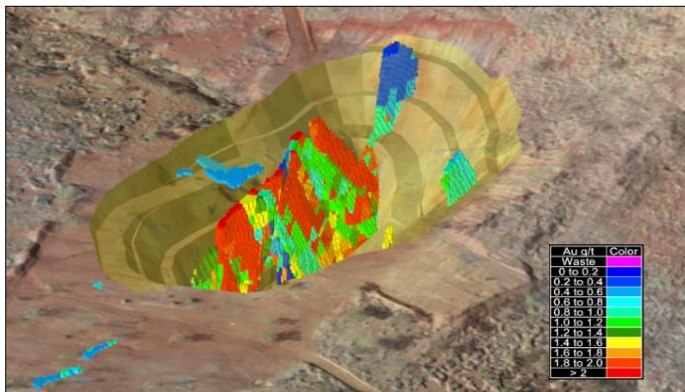


Image 1. Comstock Pit Optimisation with Grades.

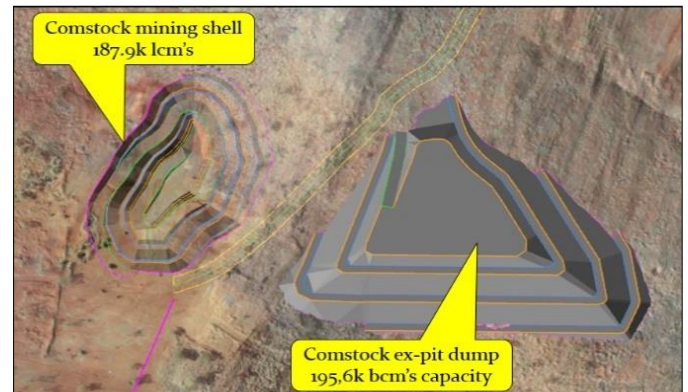


Image 2. Comstock mining shell with waste dump.

**MINING AND GOLD PROCESSING FACILITY – JV WITH AUSMEX 80% ROUND OAK MINERALS 20%**

The JV between Ausmex 80% and WH Soul Pattisons Ltd subsidiary, Round Oak Minerals 20% (ASX: AMG 16<sup>th</sup> April 2018), has allowed the mining of the Ausmex projects to be fast forwarded, without the need to raise additional capital to construct a Gold processing facility. Working in a JV with Round Oak Minerals is highly beneficial for both companies. The JV agreement allows the near new Round Oak Minerals Gold processing plant, to be recommissioned thus providing a cash flow for both companies and combining the facilities for mutual benefit. With Round Oak Minerals having a 20% interest in the project and having a 650,000 tpa plant located a short distance (Image 3) from our operations provides both companies with positive cash flow.

The ore from the Comstock is to be transported to the Round Oak Minerals processing facility, 60klms to the NNW in Cloncurry. The ore is to be transported in triple road trains on Ausmex's haul road and through to the State Government bitumen highway. The mining and processing of the Comstock is being carried out, under the terms of the JV agreement between Ausmex and Round Oak. Falcon & Shamrock Gold Mines to be developed under the same JV.



**Photo 1.** *Diamond core drilling at Comstock.*



**Photo 2.** *RC Infill drilling near completion.*

**COMSTOCK’S DRAFT FEASIBILITY STUDY, EVEN THOUGH BASED ON THE CURRENT JORC RESOURCE, WHICH IS TO BE UPGRADED, INDICATES AN EXTREMELY FINANCIALLY VIABLE AND ROBUST PROJECT. NEW JORC UPGRADED RESOURCE ESTIMATES FOR COMSTOCK EXPECTED END OF JAN 2021**

The final draft feasibility study of the Comstock, Falcon and Shamrock mines, even though based on the current JORC resource estimates, indicates a highly robust return on investment. The upgrade resource “infill drilling program” is currently in progress on the Comstock and expectations, so far, indicate an increase in Gold grades, with the final drill holes completed by the end of December 2020. The new upgraded JORC resource estimates are expected by late January 2021. The updated data from the resource upgrade drilling will allow the completion of the final feasibility study. The current draft feasibility study already concludes that the Comstock to be an extremely viable Gold mining project.



**Photo 3.** *Costean work in and around Comstock old workings.*



**Photo 4.** *Channel sampling the Comstock costeans.*



## **History of the Comstock Historical Gold Mine Re-discovered by Ausmex in 2018.**

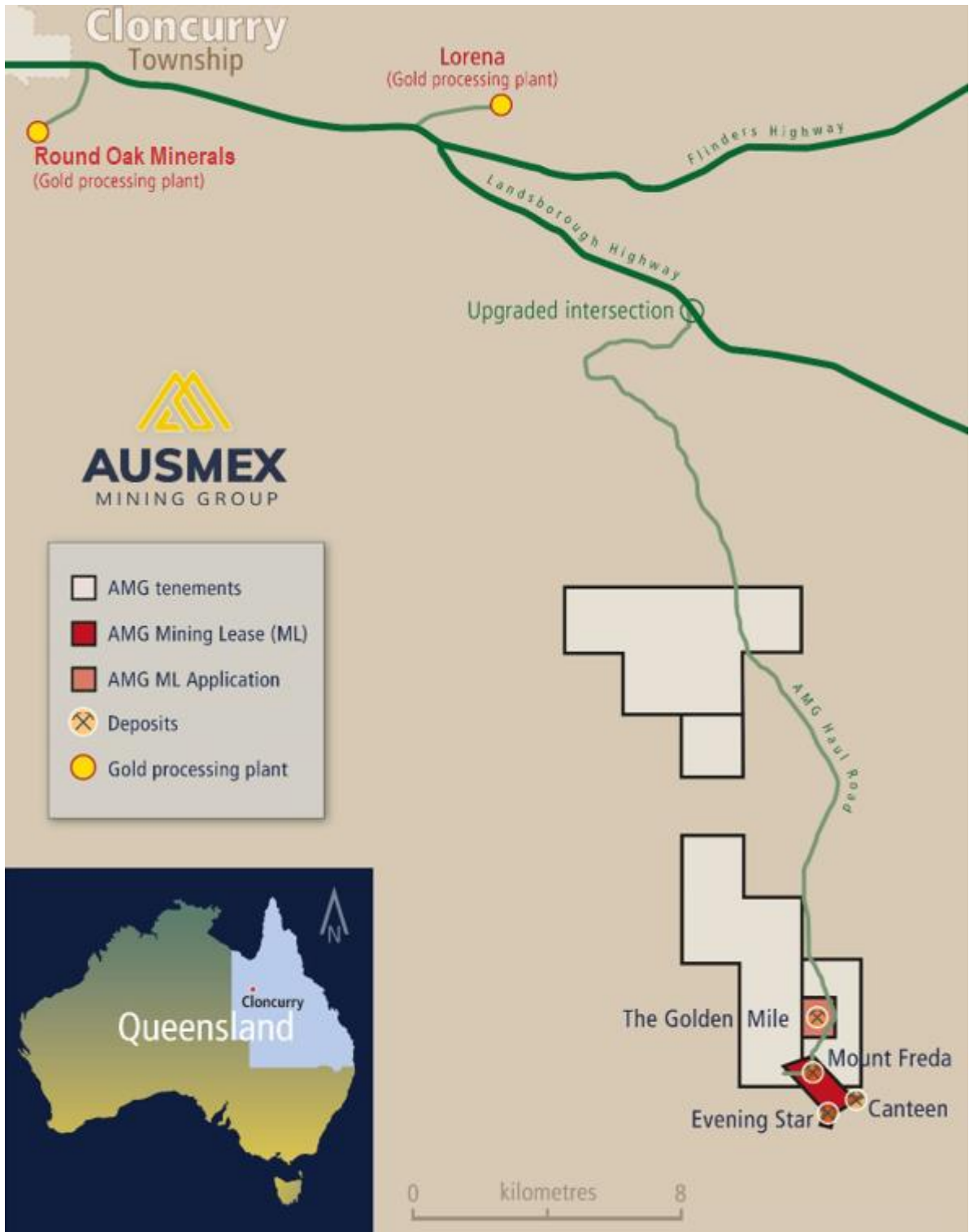
The Comstock historical Gold mine forms part of the 2klms wide mineralised zone, known as the Golden Mile. It was mined during the early 1930's and remained undiscovered since 1935, finally discovered under dense bushland in 2018. The mine is located approx. 60klms SSE of Cloncurry in NWQ (Image 3). The Mine was unable to be re-discovered because the Comstock mine location, appeared on all the Government tenements maps to be located on the Western side of the Queensland Government Cloncurry/Brisbane main highway gazetted road. Since then, the road had for some reason been moved by others approx. 500m to the East.

Exploration teams including Diversified Mineral Resources NL who mined the Mt Freda Gold Mine in the mid to late 1980's and others, searched for the Golden Mile Project using the historical maps, and gazetted roadways, for locating the mines, being 8 North /South striking historical gold mines with a combined strike length of approx. 8 klm's) (ASX: AMG 7<sup>th</sup> March 2019).

The Comstock, Falcon and Shamrock are 3 of the 8 parallel North / South striking mineralized structures all located within the Ausmex tenements. The Queensland Mines Dept records report that the Comstock operated as an underground mine first in 1905, then again in 1932, 1933,1934 and in 1935 with an average production grade of 59.44g/t Gold. The Comstock Gold mine has laid dormant and undiscovered since being re-discovered by Ausmex in 2018.

## **COMPANY STRATEGY BEHIND THE DRILLING PROGRAM FOR A 50M DEEP OPEN CUT MINING OPERATION**

Ausmex has only carried out a shallow 50-metre-deep drilling program on the Comstock, Shamrock and Falcon prospects. The strategy behind the shallow drilling program was so that the Company could simply mine the Gold close to the surface with a shallow open pit mining operation. This would entail using less capital and allow for the best possible cash flows, at the lowest possible costs. To drain the company of cash by drilling deeper is much more expensive and at this time was not feasible, needed or in the best interest of the Company. With record prices for Gold, it was not warranted to try to prove a more expansive Gold resource than required to generate immediate and serious cash flows. This cash flows even from shallow pits with the current Gold prices, would provide the cash for the development of the Company's flagship mine the Mt Freda Gold Mine which is located 500m South of Comstock and at the same time provide cash for the company to expand and drill other rich Copper, Cobalt, and other Gold prospects in the Company's portfolio. In the future Comstock and the other historical mines will be drilled to greater depths to increase the resource to secure a longer life of Gold production. The Pit optimisation study based on the resource modelling, identified that the Gold grade increases at the Southern end at depth. As a result, we have called the open cut pit at the Northern end of Comstock, "North Comstock" and the Southern end "South Comstock".



**Image 3. Locality map of the Golden Mile and Cloncurry Gold Processing Plants.**

**Authorised by Aaron Day, Managing Director.**

For Further Information, please contact

[enquire@ausmexgroup.com.au](mailto:enquire@ausmexgroup.com.au)

### **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 QLD (Cloncurry) exploration results and potential are based on information compiled by Mr. Aaron day, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr. Day is the Managing Director of Ausmex Mining Group Limited and whom has sufficient relevant experience in relation to the mineralisation 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). Mr. Day consents to the use of this information in this report in the form and context in which it appears.*