

The Manager - Company Announcements Office  
Australian Securities Exchange  
Exchange Centre  
4<sup>th</sup> Floor, 20 Bridge Street  
Sydney NSW 2000

30 October, 2015

Dear Sir,

## QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2015

Amex Resources Limited (Amex) is pleased to update shareholders and investors on the Company's activities during the quarter. Highlights are as follows:

### MBA DELTA IRONSANDS PROJECT – FIJI

- **Port Facilities and Mining Fleet Design-Build Contract Signed Today**
- **US\$80 Million Funding Facility Executed**
- **Dispute Adjudication Board Finding in Favour of Amex**
- **Transit Base Sublease Scheme Approved**



**Contract Signing Ceremony**

## MBA DELTA IRONSANDS PROJECT – FIJI

### Plant and Design Build Contract

Following extensive negotiations during the year, Amex today has executed a US\$76.3 million FIDIC contract for design, procurement and construction of the Mba Delta marine operations fleet and Lautoka port facilities with CCCC First Harbor Consultants Co., Ltd (FHC).

The Contractor is a highly regarded international port infrastructure specialist, with previous experience in Fiji and knowledge of the Mba Delta project.



Bulk Handling Port Facility, China – Design/Build by FHC

The design/procure/construct period will be 18 months from mobilisation to taking over, and is scheduled for completion by 30 June, 2017. Building of the port infrastructure comprising workshop/stores, administration building, training facility, laboratory/ control room and support facilities will commence from the end of March 2016, with construction of the wharf and fully enclosed storage shed following two months later from the beginning of June.

Shipbuilding of the operations fleet - dredge, processing plant, work boat and pusher tug - will be carried out by FHC under the contract, with sea trials scheduled for completion in February 2017. Amex will provide support vessels to the fleet including four transport barges, and will also commission construction in Fiji of a refuelling/service vessel and a crew transfer boat.

FHC has agreed to provide a bank guarantee for US\$15.5 million, within two weeks of today's signing date. Amex will then make an advance payment for that amount, within two days. The contract payment schedule provides for the final payment of US\$15 million to be delayed until the 12 month defects period has been completed.

### Ironsands Project Update and Contract Status

Amex will produce magnetite concentrate from its 220 million tonne ironsands resource at the Mba Delta over a 20 year mine-life, by dredge operation and magnetic separation on the adjacent floating process plant. The product will be transported daily by barge to Amex's nearby Lautoka port site which will comprise an unloading facility, washing plant to remove sea salt, enclosed stockpile shed, ship loading infrastructure, a dedicated export berth for vessels of up to 60,000t capacity, workshops and offices.

Projected operating costs are very low, currently assessed as US\$20-22/t, based on the Bankable Feasibility Study and subsequent movements in exchange rates and fuel prices. The Board is confident that Amex is well-positioned to take advantage of iron ore prices recovering in the lead up to production and over the planned long mine-life. Research and testwork into establishment of additional high value markets for some of the ironsands product is underway, with encouraging results to date.

Further works in preparation for dredging required to deepen the berth and access channel at Amex's Lautoka port site have been carried out, and budget quotes have been sought. Several detailed plans of stormwater drainage flows onto and through the site have been located and incorporated into construction schedules.

Planning for additional staff employment was continued at the Lautoka office during the period, together with development of procedures, safety and health manuals in anticipation of finalising contract negotiations.

The Company was advised in September that the scheme for subleasing of part of the Government's dredge facility on the Ba River at Nailaga to Amex, for use as a transit base and crew transfer station, has been approved by the Department of Town and Country Planning. This will provide a secure jetty/mooring basin ideally located close to the regional town of Ba, on the main national highway.

On the Mba Delta, the Lands & Water Research Management Division of the Ministry of Agriculture will commission a programme of dredging to re-establish a channel from the mouth of the Ba River into the lagoon. The primary objective of the dredging is for potential flood remediation by removal of a build up of sediments which are partially blocking the river mouth. These sediments form a small part of the overall ironsands resource, and the Company is deeply appreciative of the cooperation of the Fijian Government in seeking input from Amex to ensure that their forthcoming works do not sterilise or deplete any part of the Mba Delta orebody.

## CORPORATE ACTIVITIES

### Funding

As recently advised, the Company executed an US\$80 million funding agreement during September for development of its Mba Delta ironsands project. The facility comprises a US\$30 million loan and an underwriting agreement for a further US\$50 million during the 18 month construction period.

The funds will be applied primarily to progress the contract which has been signed today with FHC, and two short term unsecured loans have been settled. Throughout the course of this year Amex has disclosed its ongoing negotiations for a new contract, after terminating an earlier arrangement with MCCO due to that contractor's wilful non-performance.

Material terms and conditions of the agreement are as follows:

- **US\$30 million loan** –the Company has drawn down in full the US\$30 million loan at an interest rate of 18% per annum. The loan is for a 12 month term, with a further 12 month option at Amex's discretion. Interest for the initial term has been paid upfront. In addition, subject to shareholder approval the Company will issue 10,000,000 fully paid ordinary shares and 10,000,000 unlisted options at an exercise price of \$0.80 with a three year term.
- **US\$ 50 million underwriting agreement** - the underwriting term is two years and the interest rate is 18% per annum. Should alternative finance be sourced by the Company during the term, no break fees will be incurred for the underwriting amount.

The funding agreement provides an obligation by the Company to give a fixed and floating charge over all Amex's property and assets in Fiji. In addition it provides an undertaking by both parties to enter into a priority and subordination agreement should alternative funding for the underwriting amount be obtained.

The Company intends to pursue a share placement to provide additional working capital in the near future. A Notice of Meeting has been issued, advising of a General Meeting of shareholders on 16 November, 2015 and also seeking approval of this capital raising.

## December 2013 MCCO Contract - Dispute Adjudication Board

Amex terminated its December 2013 US\$100 million FIDIC Contract with MCC Overseas Ltd (MCCO) in January this year and made a claim against that Contractor for losses arising from MCCO's failure to perform the Contract throughout 2014. MCCO rejected Amex's claim and challenged the validity of the Contract.

A Dispute Adjudication Board (DAB) consisting of three members - two retired English High Court Judges and one Chinese arbitrator - was established under the Contract on 29 May, 2015. The DAB process is a private dispute resolution process which is binding on the parties unless and until overturned in any subsequent arbitration.

Following a four day hearing in Singapore during August, 2015 the Dispute Adjudication Board, by majority, made a decision in favour of Amex. It determined that:

1. the Contract between Amex and MCCO was valid and binding;
2. MCCO had deliberately defaulted in its performance of its obligations under the Contract;
3. Amex was entitled to terminate the Contract;
4. Amex was entitled to all its losses arising from MCCO's default, which it assessed in the amounts of AU\$879,669, US\$2,956,233 and FJ\$ 535,000.

As MCCO has refused to make payment as required under the DAB determination, Amex has issued a notice of dissatisfaction and the dispute will proceed to international arbitration.

## WESTERN AUSTRALIAN PROJECTS

Amex holds a 10% interest in E69/2747 in the Musgrave region of WA, with Traka Resources Limited (ASX: TKL) as operator and registered holder of the remaining interest. Amex is free carried for the first \$1m of exploration on E69/2747.

Traka has reported that the electromagnetic anomaly at Finlay on the JV ground is detailed enough for drilling and follow up is merited. No field work was reported during the September quarter.

On the nearby West Musgrave project area of Cassini Resources Limited (ASX: CZI), diamond drilling has extended the continuous body of mineralization more than 1,000m down plunge at the advanced Succoth copper prospect. Further details of CZI's exploration and pre-feasibility study for the Nebo-Babel Ni-Cu project are available on its website at [www.cassiniresources.com.au](http://www.cassiniresources.com.au) or the ASX website.

## CONCLUSION

The Company is pleased to have arranged a US\$80 million funding facility during the quarter and subsequently executed a new contract to expedite construction of Amex's 100% owned Mba Delta Ironsands Project.

We look forward to continue updating shareholders on further progress over the coming quarter.

Yours faithfully,

Matthew Collard  
**Managing Director**  
Amex Resources Limited



## Corporate Information

### Directors

Hon Richard Alston  
Mr Matthew Collard  
Mr Yibo Qiu

Non-Executive Chairman  
Managing Director  
Marketing Director

### Investor Relations

Enquiries concerning this Report may be directed to:

Matthew Collard – Managing Director  
Tel: +61 (0)8 9480 0455

### Company Secretary

Mr Gary Dunlop Company Secretary

ASX code: AXZ

### Registered and Principal Office

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ACN 089 826 237

### Issued Capital

At 30 September 2015, Amex had 522 shareholders with issued capital of 95,820,857 fully paid ordinary shares and 25,250,000 unlisted options.

### Shareholder Enquiries

Matters relating to shares held, change of address and tax file numbers should be directed to:

Security Transfer Registrars Pty Ltd  
PO Box 535  
Applecross  
Western Australia 6953  
Tel: +61 (0)8 9315 2333

### Mining tenements held at 30 September, 2015

Tenement	Location	Project	Interest
SML60	Ba, Fiji	Mba Delta	100%
SPL1463	Ba, Fiji	Mba Delta	100%
SSR13	Lautoka, Fiji	Mba Delta	100%
E69/2747	Jameson, WA	Musgrave JV	10%

### Changes of tenure, September 2015 quarter

Tenement	Location	Project	Interest
No tenements were acquired or disposed of during the quarter			

### Joint Venture interests at 30 September, 2015

Tenement	Location	Project	Interest
E69/2747	Jameson, WA	Musgrave JV	10%
No Joint Venture interests were acquired or disposed of during the quarter			

#### Competent Person Statement

Contents of this report relating to Exploration Results, Mineral Resources or Ore Reserves for the Mba Delta Project are based on information compiled by consulting geologist Geoffrey Richards of Lionhart Consulting Services, who is a Member of the Australian Institute of Geoscientists. Mr Richards has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Richards consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Contents of this report relating to Exploration Results are based on information compiled by consulting geologist Ian Cowden of Iana Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Cowden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Cowden consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

#### Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Amex Resources Limited's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Amex Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

