

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

28 January, 2017

Dear Sir,

## QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2016

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

### MBA DELTA IRONSANDS PROJECT – FIJI

- **Steel cutting for the marine fleet vessels commences**
- **Amex secures accommodation and site office for FHC**
- **Sonic drill rig barge manufactured in Fiji**
- **Two shipments of construction materials enroute to Fiji**



Steel cutting commencement ceremony, Zhenjiang shipyard

## MBA DELTA IRONSANDS PROJECT – FIJI

### Plant and Design Build Contract

During the Quarter, the Company continued to progress its US\$76.3 million FIDIC Contract for design, procurement and construction of the Lautoka port facilities and Mba Delta marine operations fleet with CCCC First Harbor Consultants Co., Ltd (FHC).

FHC, FHC subcontractors and Amex personnel and engineering consultants continued to engage in intensive technical discussions to progress design and engineering construction drawings for both the port and marine fleet. FHC now have a team of approximately 40 staff on the ground in Fiji and will initially focus on the construction of the site office and accommodation buildings in preparation for mobilisation of their full team to start the port works.

FHC is also responsible for design and construction of the operational marine fleet – a bucket wheel dredge, floating processing plant, work boat and pusher tug. Shanghai based AVIC International Ship Development (China) Ltd, the FHC subcontractor building the marine fleet, recently submitted marine drawings to Bureau Veritas in compliance with vessel class requirements.



Mr Zhou Baojiang, FHC Chief Engineer for the project, starts the steel cutting machinery

A steel cutting ceremony was held in January at the Zhenjiang shipyard to acknowledge the commencement of the marine fleet construction. Prior to the ceremony shipyard representatives and AVIC and FHC personnel met in Perth to finalise hull, superstructure, machinery and electrical specifications to ensure compliance with the contract. The steel cutting process for the marine vessels is expected to take four to six weeks to complete. The current construction program confirms sea trials for the vessels will be conducted in January 2018.

The Company executed a Tenancy Agreement with the Lautoka City Council for Foreshore Land adjacent to the Amex port site on 20 December 2016. The 3,819m<sup>2</sup> site tenancy agreement is for a period of two years terminating 31 December 2018. This agreement provides the contractor with a key facility that is necessary in order that the contractor's expatriate construction personnel can be accommodated when they arrive in country. Amex was required to step-in and assist with this facility given its long standing good relationship with the Fijian government.

FHC's first shipment departed China on 20 December 2016 following the execution of this Tenancy Agreement and contains the majority of materials required to construct the facility. A second shipment departed China on 7 January 2017 and includes the heavy machinery required to construct the port facility. Amex has been advised by FHC that all materials and equipment will be imported in

accordance with the International Convention for the Harmonised Commodity Description and Coding System. Amex is continuing to liaise with the Fiji Customs and Revenue Authority (FRCA) to ensure minimal delays in the clearance of plant, equipment and materials for the Project.

Following the design review, completion of construction drawings and procurement the Company anticipates FHC will commence site works in March/April. The initial works will consist of excavation, pile driving and yard compaction and leveling. According to the construction program work on site buildings such as the administration building, training facility and gatehouse should commence April/May.

## Project Summary

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 deposit is secured within special mining lease SML60, which is surrounded by a larger exploration area held as special prospecting licence SPL1463.

The recovered magnetite 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 in 2017 and over the planned 20 year mine-life.

Metallurgical test work and continuing research into establishment of additional high value markets into which the ironsands product can be sold is continuing, with encouraging results to date.

## Other Works Completed

The Company received clarification from the Fiji Revenue and Customs Authority (FRCA) on the treatment of Value Added Tax between Amex and FHC (and FHC subcontractors) on the importation of materials for the Mba Delta Project.

Additionally, the Company has sought and received direction from FRCA on an exemption from excise and import duty for the importation of materials for the Project.

### *SPL1463*

The Company's local Fijian team has continued to be instrumental in obtaining the requisite local stakeholder consents required by the Mineral Resources Department. The Company awaits one final consent anticipated to be received early February which will allow the Company to continue exploration of the area surrounding the Special Mining Lease containing the Mba Delta orebody. This renewal secures the potential to add substantially to the existing resource.

### *Sonic drill rig*

Construction of a sonic drilling rig was completed during the previous quarter. The German-designed and manufactured sonic drill head has been fabricated into the rig infrastructure which has been freighted to site to be mounted on a barge to be built locally in Fiji. The unit will be commissioned in Lautoka and used for resource extension, infill drilling and exploration across the project tenure, together with grade control pattern drilling ahead of the dredge during production.

The locally built barge has been constructed by a Lautoka engineering company and awaits clearance of the sonic drill rig from a customs bond yard in Lautoka. The LIMS Grade Control unit which has been used as a pilot plant is also awaiting clearance and will be established at the Sorokoba base in 2017.



Sonic drill rig barge platform being inspected by Amex marine consultant Mr Matai Baleimatuku

## CORPORATE ACTIVITIES

The Amex Resources Limited Annual General Meeting of Shareholders was held on Wednesday the 30<sup>th</sup> November 2016. All four resolutions put to shareholders were approved by shareholders.

Following from MCCO's failure to pay damages awarded to Amex in August 2015 for non-performance under a contract (now terminated), the Company initiated arbitration proceedings on 11 December 2015 through the International Chamber of Commerce (ICC).

Amex's lawyers submitted the Company's Reply Memorial and supplementary statements in December, and on 9 January an oral hearing took place to determine whether the Tribunal could deal with matters raised in Amex's Application for Award dated 22 October 2016. The objective was to seek an earlier decision than having to wait for the final hearing scheduled for August 2017.

The Company awaits the Arbitrator's ruling.

## WESTERN AUSTRALIAN PROJECTS

Amex currently does not hold any WA tenements, as the Company's immediate focus is on commencing development of its Mba Delta project in Fiji. The Company continues however, to assess potential opportunities introduced to it under its continuing project generation remit.

## CONCLUSION

The Company looks forward to acceleration of activity on site in Lautoka during the March quarter and commencement of the port infrastructure. We will continue to update shareholders on further progress over the coming quarter.

Yours faithfully,

Matthew Collard  
**Managing Director**

## 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

### Issued Capital

At 31 December 2016, Amex had 500 shareholders with issued capital of 108,043,080 fully paid ordinary shares and 35,000,000 unlisted options.

### Registered and Principal Office

22 Emerald Terrace  
West Perth  
Western Australia 6005

Tel: +61 (0)8 9480 0455  
Fax: +61 (0)8 9321 0320

ACN 089 826 237

### 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 31 December, 2016

Tenement	Location	Project	Interest
SML60	Ba, Fiji	Mba Delta	100%
SPL1463	Ba, Fiji	Mba Delta	100%
SSR13	Lautoka, Fiji	Mba Delta	100%

### Changes of tenure, December 2016 quarter

Tenement	Location	31 March 16 Interest	30 June 16 Interest
Nil			

### Joint Venture interests at 31 December, 2016

Tenement	Location	Project	Interest
Nil			

#### 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.

