



AusAmerican – new Board, new project, new focus

The opportunity to develop a neglected yet potentially exceptional copper-gold-silver project has momentarily shifted the focus of Perth-based Australian-American Mining Corporation.

AusAmerican (ASX: AIW) was founded in 2006 on a suite of advanced United States uranium projects in New Mexico and Nevada.

It's no secret the world uranium market has been under some duress of late; however AusAmerican could not consider divesting itself of, what it considers such a strong package of projects.

"We have a genuine belief in our uranium assets and the broader US uranium story," AusAmerican chairman Mark Ceglinski told *The Resources Roadhouse*.

"Unfortunately the market is not there currently so we took the decision to put them aside for now".

"We know they will have significant value in the future. We are currently considering the alternate strategies for delivering the optimal value for our shareholders and believe the best option may be to spin them out into another entity at some stage."

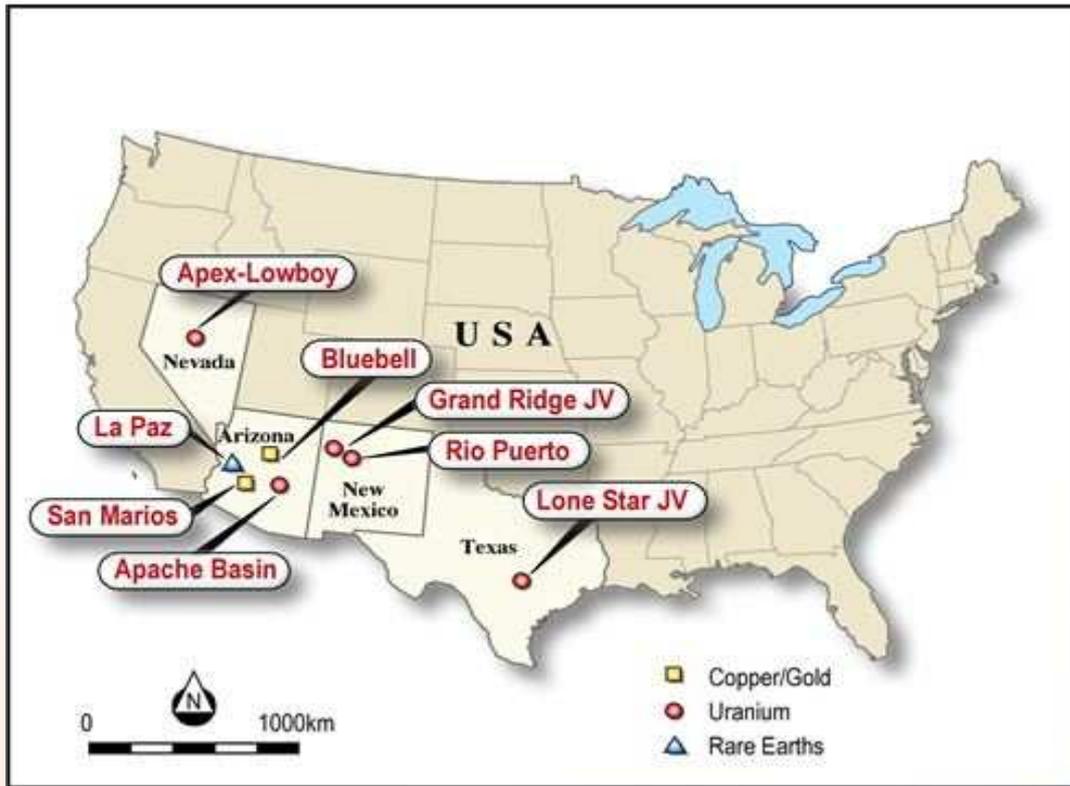
That decision opened the door for the acquisition of new projects and to introduce new blood around the Boardroom table.

The company's founder and executive director Jim Malone approached Ceglinski and Richard Holmes to join the company.

Ceglinski brought with him over 25 years' experience as a corporate finance executive and company director, working extensively within the natural resources sector.

He was previously a partner with international accounting firms Ernst & Young and Arthur Andersen and was chairman of Tangiers Petroleum from 2010 until 2012.





“Richard has worked as a geologist for over 20 years, on innumerable mines and exploration projects around the world,” Ceglinski said.

“His most recent position, with Anglo Gold, entailed visiting pretty much every geologically interesting country, other than Australia, looking for company making gold assets.

“His role previous to this was with copper giant Aditya Birla where he did the same thing but with a copper emphasis.

“Richard’s great skill is that he brings a business development mind to a geologist’s approach to things.

“He has the ability to take an early view, ‘that’s going to be a mine’ or, ‘that’s not going to be a mine’.

“That is perfect for AusAmerican as a company; because we have no intention to spend money drilling something unless we consider it to be a company-maker.”

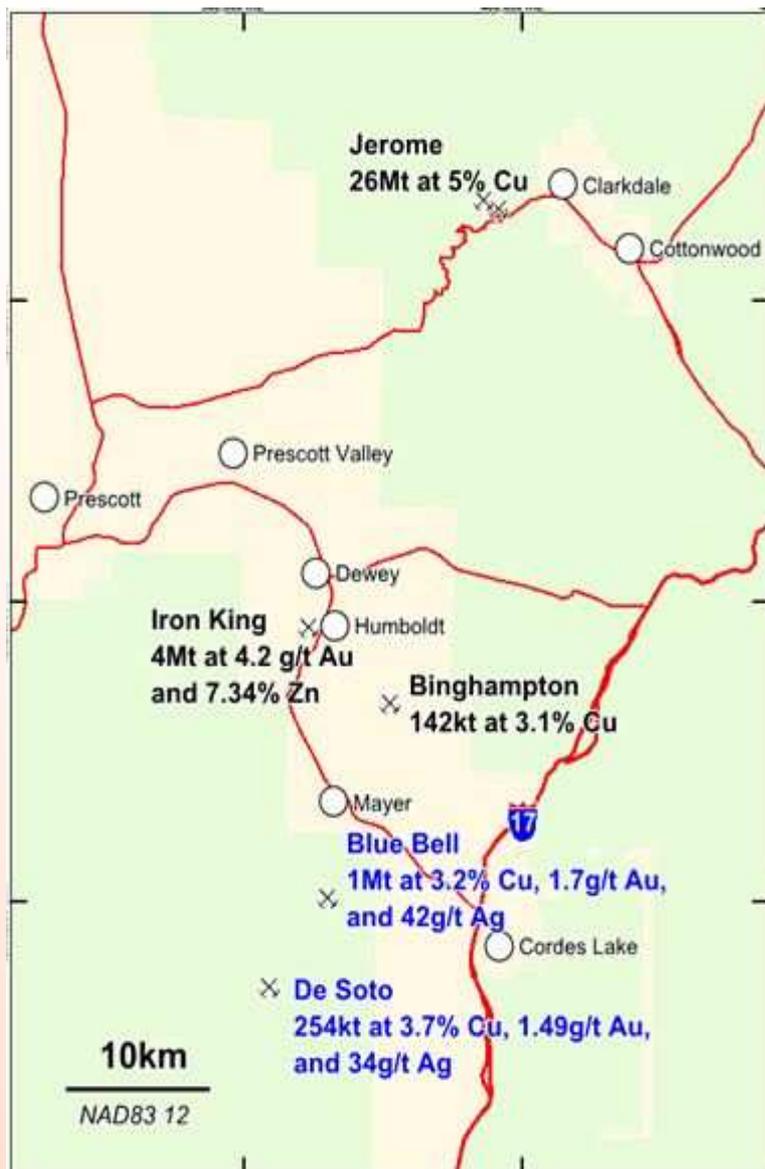
Working with AusAmerican has allowed Holmes to unleash his creative juices, so to speak, as he performs the same global-company role, only this time for a junior exploration play.

Mandated to find brownfield projects with proven exploration that are manageable for a small company, the newly-formed AusAmerican team commenced their search.

The company concentrated on projects with potential to be developed quickly using modern exploration techniques while spending limited amounts of capital.

It quickly compiled a list of around 40 possible projects, two of which - the Bluebell and De Soto mines, two historical mines located about 100 kilometres from Phoenix, Arizona - ticked the appropriate boxes.





“They are situated within a very well-known historical mining camp renowned for high-grade copper, particularly VMS (volcanogenic massive sulphide) deposits,” Ceglinski said.

The Bluebell mine was operated from 1906 to 1926 producing approximately 1.2 million tonnes at 3.2 per cent copper, 1.7 grams per tonne gold and 42 grams per tonne silver.

The operation consisted five operating shafts with a main shaft sunk to around 420 metres.

In all, just over nine kilometres of underground workings were developed to selectively mine high-grade lenses, some measuring up to 4m wide, using a shrink stoping mining method.

“It is a VMS deposit with seven lenses identified – six were undercover with only one outcropping,” Ceglinski explained.

The cut-off grade used by the old-time miners varied between, what would be considered today, extraordinary grades of 2 to 3 per cent copper, depending on the copper price of the time, and silver grading at 34 grams per tonne.

“They were focusing on the high-grade massive sulphide mineralisation and ignored, what they called, the stock work, which was the halo of the mineralisation,” he said.

“They mined it down to around 350 metres and did not continue mining when they hit one per cent copper.”

An interesting aspect of the project is that it is situated on ‘patented land’, which means AusAmerican will not only hold the mineral rights it will also have claim to the project’s surface rights.

“That means we will own the entire land, which assists in accelerating such things as permitting, drilling and other exploration activity,” Ceglinski said.

To further enhance its exploration prospects AusAmerican recently acquired a historical geological data package covering both Bluebell and De Soto.

The package contains data compiled by the original operators of the two mines and includes the original underground mine plans, underground sampling information and operational memos and reports.

The package also contains geological data from limited recent exploration conducted during the 1980s and 1990s.

AusAmerican is now assessing all the data to plan its first drill program, which it anticipates will commence in the first quarter of 2013.

It will also use the information to re-examine its recently-announced exploration target for the Bluebell mine of 15 to 20 million tonnes at 0.6 to 0.8 per cent copper, 0.2 to 0.4g/t gold, and 15 to 30g/t silver.

“What we have built up is an exploration concept we have described as our ‘Initial Open Pit’ concept,” Ceglinski said.

“This would entail mining an open pit to around 300 metres targeting the balance of all the high-grade zones and the lower grade stock work, which combined is probably still one to 1.5 per cent copper equivalent.

“We can’t say that for certain as yet, but we hope to be able to soon.”

On the basis of this target AusAmerican believes Bluebell could contain up to about 300,000 tonnes of copper contained metal.

Second stage activity at Bluebell will gain further understanding of four of the seven lenses, which had previously identified to be open at depth and of very high-grade.

AusAmerican anticipates this will enable it to increase the current resource target there.

The third stage will move the company’s attention to the De Soto project.

De Soto practically mirrors Bluebell except it is not as quite as big with fewer lenses; however these have been shown to possess exceptional grades.

Finally, AusAmerican is staking a parcel of land surrounding the two projects where other areas of conductors were identified by Newmont in the 1980s.

The company considers these provide potential to locate any undiscovered lenses.

“We think this target could increase quickly based upon the work we are planning,” Ceglinski said.

“What we are going to be doing in the next couple of months - now have all this data – is reviewing, interpreting, and digitalising.

“We have also just completed a field campaign where we have taken over 400 samples which are now being assayed.

“The former owners never assayed for precious metals – they took them out and got good recoveries but they only ever assayed for copper mineralisation.

“What we hope to have achieved by the end of the first quarter next year is to have some drill results with intersections proving the potential of the mineralisation around the open pit concept enabling us to put some meat around the bones of the concept we have.”



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MAJOR SHAREHOLDERS

Management approx. 16%
GXB Pty Ltd 5.05%
Peninsula Investments WA 4.86%

SHARES ON ISSUE

144 million

MARKET CAPITALISATION

\$6.8 million

Wally Graham



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