



ASX Announcement

Aus Tin Mining Limited (ASX:ANW)

13 December 2019

Granville Funding Package and Operations Update

Highlights:

- **Non-binding indicative terms agreed for a proposed Granville funding package comprising:**
 - i. **Maximum \$1.5M loan comprising three tranches to fund resumption of operations, potential future expansion & exploration, and proposed listing costs;**
 - ii. **Plan to convert loan into shares in conjunction with a future demerger and Initial Public Offering (IPO) of the Granville assets; and**
 - iii. **Exclusivity Fee paid and Company progressing documentation ahead of anticipated drawdown in January 2020.**
- **Resumption of Granville operations planned for March Quarter 2020.**

The Directors of Aus Tin Mining Limited (**Aus Tin Mining or the Company**) are pleased to announce the Company has agreed non-binding indicative terms and conditions for a funding package that will enable a resumption of operations at the Granville Tin Project (**Granville**). The funding package will comprise loans of up to \$1.5 million which are contemplated to be converted into shares in the Company's wholly owned subsidiary Ten Star Mining Pty Ltd (**TSM**) in conjunction with a future Public Offering (**IPO**). The Aus Tin Mining Directors consider the proposed transaction the most economically efficient means of extracting value for the project, and returning that value to shareholders.

Funding Package

On 11th October 2019 the Company announced the estimated cost to resume operations at Granville and install additional equipment at the plant was \$500,000 and that it was pursuing funding alternatives. The Company has now agreed indicative terms with Ten Mining Pty Ltd (**Investor**), a company formed by an unrelated group of sophisticated and professional investors specifically for the purpose of investing into Granville and backed by Consultel Cloud. Monies will be loaned to TSM in three tranches of \$500,000 each, with the initial tranche to be allocated to the resumption of operations, with the drawdown of funds subject to the completion of loan documentation. Subject to achieving initial concentrate sales, an additional tranche of \$500,000 will be made available to undertake a proposed expansion identified in the September strategic review and further exploration. A final tranche of \$500,000 will be available to meet the corporate costs associated with a proposed IPO of the Granville assets intended to occur in 2020.

The Investor has expressed a desire for Granville to be the foundation asset for a proposed IPO of a Tasmanian focussed mining and exploration company, and accordingly the funding package contemplates the conversion of the \$1.5million loan into 40 percent of the issued equity in a demerged TSM prior to an IPO. Should an IPO not proceed, TSM would be obliged to repay the outstanding balance of the loan and accrued interest by 31 December 2020. The loan is proposed to be secured by the assets at Granville and the Company will seek to procure on a best endeavours basis the release of existing security interests over Granville (held by The Lind Partners)¹.

¹ Refer ASX Announcement dated 20 April 2018

The proposed IPO would be undertaken in conjunction with a de-merger and *in-specie distribution* of shares in TSM to shareholders in Aus Tin Mining that would be subject to Aus Tin Mining shareholder approval at an Extraordinary General Meeting, to be held prior to the proposed IPO of TSM. The *in-specie distribution* would have the effect of transferring value in Granville at the time of an IPO to the shareholders of Aus Tin Mining.

Importantly, the proposed IPO would maximise the value attributed to Aus Tin Mining's shareholders by enabling an appropriately capitalised Granville, with its own dedicated Board and management, to embark on a program of exploiting the resources contained within the highly prospective west coast of Tasmania. At the same time, Aus Tin Mining would receive back monies currently used to support Granville (eg. environmental bonding totalling approx. \$630,000) and enable the focus to return to the development of Taronga, exploration at Mt Cobalt and evaluation of other opportunities.

During the remainder of December, the Company and the Investor intend to finalise the documentation for the funding package to enable the drawdown of the first Tranche in January 2020. In the interim, the Investor has paid TSM a non-refundable exclusivity fee of \$30,000 that will be utilised to complete the purchase of the crusher at Granville and other associated costs. The Investor has also offered advance payment where necessary in order to secure delivery of equipment to site for January 2020.

As shareholders will appreciate, the proposed arrangements will involve numerous formal transaction, security and disclosure related documents, which the parties will aim to commence as quickly as possible. The market will be informed of developments as the various matters are progressed.

Operations Update

Subject to finalising the funding package outlined above, operations at Granville are forecast to resume in the March quarter of 2020. A program of work to install additional equipment at the processing site is scheduled to be undertaken during January / February and processing operations to re-commence during February. The Company has decided for now to not repair the previously failed mine equipment and will instead procure new rental agreements for key mining equipment including an excavator and mine truck. Based on the availability of higher grade at the base of the open cut pit (last assays up to 4.9%Sn over 3m) and achievement of certain Key Performance Indicators (refer ASX Announcement dated 11 October 2019), initial concentrate sales are forecast before the end of the March quarter of 2020.

During the September operational review, two areas of upside at Granville were identified, namely the use of additional pre-concentration prior to the ball mill to increase the production rate and the potential to exploit additional regional tin prospects. The Company intend making modifications to the crushing circuit prior to the resumption of ore processing to exploit the magnetic properties of the high-grade skarn ore to increase the grade of the material being trucked from the mine to the processing plant, and results from initial trials will be reported in due course. The Company has also commenced a preliminary assessment of the exploration potential of pending exploration licence EL9/2019 (**Figure 1**) and has identified several targets that will be the focus of initial exploration once EL9/2019 is granted, expected during the March quarter of 2020. In addition, the Company is awaiting the grant of mining lease (5M/2019) to extend the areas held under lease and to facilitate possible future expansion at both the Granville East Mine and the Processing Plant.

Chief Executive Officer Peter Williams said *"we are delighted to have secured indicative terms for what represents the single largest investment into the Granville project, and one that will not only facilitate a resumption of operations, but also potentially expand the operation and through exploration seek to extend the mine life. Furthermore, there is the opportunity through the proposed IPO of TSM to leverage the investment in Granville for the benefit of all Aus Tin Mining shareholders in what represents an exciting opportunity to build a Tasmanian focussed resources company. Once documentation is complete, the next milestone will be the resumption of operations in February, and in that regard plans are well advanced."*

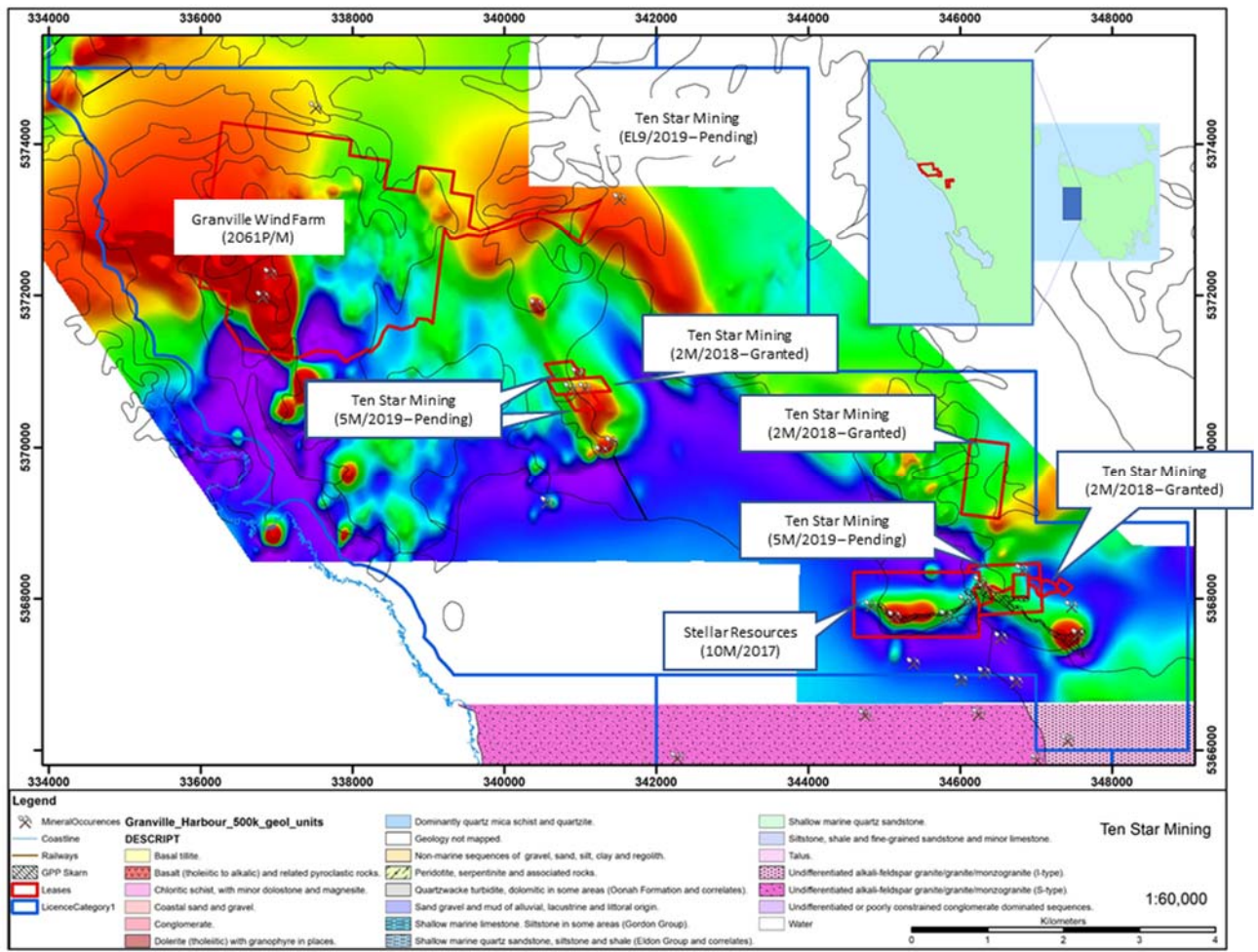


Figure 1 - Pending 5M/2019 and EL9/2019 overlaid on Total Magnetic Intensity Image (Aeromag Survey)

Table 1 – Summary Key Terms & Conditions for Funding Package for Ten Star Mining Pty Ltd and Granville Tin Project

Transaction Structure	TSM, Aus Tin Mining and the Investor have agreed to a staged transaction as follows: a) Investor to provide loan with maximum value of \$1.5M b) Subject to Conditions Precedent being satisfied the Investor will convert drawn amount into shares in Ten Star Mining Pty Ltd, up to an amount of 40 percent of the sum of the conversion shares and demerged shares c) Demerger of Ten Star Mining by way of a pro-rata in specie distribution to shareholders in Aus Tin Mining; and d) Listing of Ten Star Mining on an appropriate securities or stock exchange (IPO)
Maximum Loan Amount	Up to \$1.5 million, available in three tranches comprising \$500,000 each for a) Subject to execution of Formal Agreement and security documentation, up to \$500,000 for the resumption and development of operations at Granville b) Subject to the first shipment of 20 tonnes of concentrate, up to \$500,000 to increase the plant throughput rate, and subject to the grant of EL9/2019, exploration activities (up to \$200,000); and c) Subject to the Board of Ten Star Mining agreeing to pursue an IPO, up to \$500,000 towards the costs of an IPO.
Interest Rate	12% per annum
Maturity Date	31 December 2020
Loan Conversion Conditions Precedent	Conversion of the loan into shares in Ten Star Mining is conditional on various Conditions Precedents, including: a) Investor completing satisfactory due diligence b) Aus Tin Mining obtaining where applicable all regulatory consents c) Implementation of the Demerger and IPO d) No material adverse changes
Loan Repayment	Repayment of the loan will occur at the election of the Investor if: a) An Event of Default occurs before the Demerger and IPO; or b) The Demerger and IPO has not occurred before the Maturity Date; or c) Where it has not otherwise been repaid or converted by the Maturity Date.
Security	The loan will be secured by the assets of Ten Star Mining. In the event that, despite Aus Tin Mining and Ten Star Mining’s best endeavours, existing securities are not discharged within 21 days of the Formal Agreement, the Investor may agree, at its sole discretion, to subordinations on terms acceptable to the Investor.
Exclusivity	Investor to pay a \$30,000 non-refundable exclusivity fee (to be applied for Granville related expenditure) for which Aus Tin Mining agrees to for up to 60 days terminate any existing discussions in respect of the competing transaction and to not solicit or initiate proposals for a competing transaction.
Event of Default	Standard Events of Default including: a) Enforcement of existing security interests over Aus Tin Mining b) TSM is material breach of laws or rules of stock exchange; c) TSM is declared insolvent; d) TSM is in breach of any material obligation or undertaking to the Investor; e) Any material financial indebtedness of TSM becomes due prior to the stated maturity; f) TSM ceases to carry on or suspends operations; or g) A material licence, permit or authorisation to operate the business is not renewed, terminated or varied in a materially adverse way.



On behalf of the Board
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About Aus Tin Mining (the Company)

Aus Tin Mining Limited (ASX: ANW) has a vision to become a major Australian tin producer. The Company is seeking to resume production at the high-grade Granville Tin Project located north of Zeehan (TAS) and the Company intends to expand the Granville Tin Project and undertake exploration to extend the Life of Mine. The Company is also developing the world class Taronga Tin Project located near Emmaville (NSW). The Company defined and announced its maiden JORC compliant resource for the Taronga Tin Project in late 2013 and test work and exploration activities on site have revealed potential credits for copper, silver, tungsten, molybdenum, lithium and rubidium. Highly prospective regional targets have also been established within the Company's broader tenement footprint, and within trucking distance of the proposed processing site at Taronga. In May 2019 the Company received final regulatory approvals for the first stage of development at Taronga for a trial mine and pilot plant.

The Company is also actively exploring for cobalt at its Mt Cobalt project west of Gympie (QLD). Recent drilling has returned high grades for an enriched cobalt-manganese oxide zone. In addition, the Company is exploring an approximately 4km arc along the contact with the Black Snake Porphyry which is prospective for cobalt, nickel, copper and gold.

Forward Looking Statement

This announcement may contain certain statements and projections provided by or on behalf of Aus Tin Mining Limited (Aus Tin Mining) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of Aus Tin Mining. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or mining which may be beyond the control of Aus Tin Mining which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, reserve and resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised. Aus Tin Mining makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

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