



ASX Announcement

Aus Tin Mining Limited (ASX:ANW)

31 July 2020

Acquisition of Ashford Coking Coal Project

Highlights:

- **Binding Term Sheet to acquire the Ashford Coking Coal Project in northern NSW comprising JORC resource of 14.8Mt potentially semi-hard coking coal.**
- **Capital raising and debt conversion to be undertaken in conjunction with proposed acquisition to fund development of the Ashford Coking Coal Project, including feasibility study and progression of Mining Lease Application.**

The Directors of Aus Tin Mining Limited (**Aus Tin Mining** or the **Company**) are pleased to announce that the Company has signed a binding term sheet with Laneway Resources Limited (**Laneway**) and Renison Coking Coal Pty Ltd (**Renison**), a wholly owned subsidiary of Laneway, to acquire the Ashford Coking Coal Project (**Ashford Project**) located in northern New South Wales. The Ashford Project is owned by Renison and has a resource¹ of 14.8Mt (comprising both inferred and inferred resources - refer below for further details), with coal quality studies indicating a potential semi-hard coking coal product could be produced. Additional exploration upside is evident at the Ashford Project. Upon completing an initial 40 percent acquisition of the Ashford Project, Aus Tin Mining intends to undertake a feasibility study and progress a Mining Lease Application before committing to the balance of the acquisition within a three-year period. The acquisition is being made at a time when the global price for coking coal has softened as a result of reduced global steel production, but the medium-term price is forecast to rise as steel production is anticipated to recover to meet demand created by infrastructure build stimulus programs.

Proposed Transaction

Aus Tin Mining have signed a binding term sheet with Laneway to acquire 100 percent of the Ashford Project in two stages (**the Proposed Transaction**) comprising:

1. **Stage 1** being the purchase by Aus Tin Mining of a 40 percent interest in either the Ashford Project itself or the wholly-owned subsidiary of Laneway which owns the Ashford Project, in consideration for the issue of 20 percent of the enlarged share capital of Aus Tin Mining to Laneway. The final structure of the acquisition will depend on what is most efficient for Laneway from a transfer duty, tax and regulatory perspective; and
2. **Stage 2** being an option (the **Stage 2 Option**) for ANW to purchase the remaining 60 percent interest in the Ashford Project within three years for A\$7 million payable as to A\$2 million in cash and \$5 million in shares or cash at the election of Aus Tin Mining, plus an ongoing royalty payable to Laneway of \$0.50 per tonne of coal sold from the Ashford Project. The Stage 2 Option must be exercised before the third anniversary of the date on which the Stage 1 acquisition is completed (the **Stage 1 Completion**).

¹ "resource" has the meaning given to it the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* 2012 Edition (the **JORC Code**)

Stage 1

Stage 1 of the Proposed Transaction is subject to a number of conditions including:

1. both parties conducting and being fully satisfied with the results of its legal, financial and technical due diligence;
2. the strengthening of Aus Tin Mining's balance sheet, comprising:
 - a. a rights issues to raise a minimum of \$1.2 million in cash to fund exploration, development and corporate costs;
 - b. the conversion of a minimum of \$1.66 million worth of debt into equity, subject to existing placement capacity and where necessary shareholder approval; and
 - c. the entry into formal transaction documentation.

If these conditions have not been satisfied by 31 October 2020 then either the Company or Laneway may terminate the binding term sheet. As and from the Stage 1 Completion, Laneway will be entitled to nominate two directors to the board of the Company.

Stage 2

Stage 2 of the Proposed Transaction is subject to a number of conditions including:

1. the granting of any shareholder or third-party approval required; and
2. the expiry, discharge or termination of the Lind Facility.

Where these conditions have not been satisfied by the third anniversary of the Stage 1 Completion, then Laneway may require the Company to sell the Stage 1 Interest back to Laneway for an amount equal to the aggregate of:

1. the value of the consideration paid for the Stage 1 (the Stage 1 Consideration);
2. the value of all amounts expended by the Company in the development of the Ashford Project since the completion of Stage 1 (the Expenditure); and
3. an amount equal to 30% of the aggregate of the Stage 1 Consideration and the Expenditure.

As and from the completion of the acquisition of Stage 2, Laneway will be entitled to nominate the majority of directors to the board of the Company.

Additionally as from the Stage 1 Completion until such time as:

1. an additional \$1m of capital is raised by the Company (either through cash subscriptions or debt conversion) (the **Non-Lind Cap Raising**); and
2. \$1m worth of the Lind Facility is converted into equity in the Company or repaid (separate and in addition to the Non-Lind Cap Raising),

The Company will issue to Laneway (subject to the satisfaction of any necessary approvals), such additional shares as is necessary from time to time to ensure that Laneway holds 20% of the issued share capital of the Company.

Ashford Coking Coal Project

The Ashford Project comprises two granted Exploration Licenses (EL 6234, EL 6428) located approximately 10km north of the Ashford township in northern NSW (Figure 1). Coal mining at Ashford dates back to 1884 and most recently the colliery operated until 1988 supplying a now closed local power station. The Ashford Project is approximately 50km west of the Company's Taronga Tin Project and approximately 100km west of the Inland Rail's proposed route.

Regionally the Permian aged Ashford coal measures are expressed as a narrow (<10km) 80km long basin extending from the Queensland border south to Inverell and unconformably overlies high deformed late carboniferous sediments. The Ashford seam ranges from 0.2m to 24.4m in thickness and makes up the principal resource within EL6234².

The Ashford Project has a resource of 14.8Mt within EL6234 comprising 6.5Mt of Indicated Resources and 8.3Mt of Inferred Resources and coal quality studies found the resources could qualify as semi-hard coking coal². Work undertaken by Laneway has indicated of the total resource, 9.4Mt is likely to be accessible by conventional open cut methods to a 15:1 vertical waste to in-situ coal tonnes stripping ratio cut off. A further 5.4Mt is expected to be mined via high wall mining methods. Laneway had intended to commission a feasibility study for the Ashford Project and progress a mining lease application, but more recently have focused on its Queensland gold project.

The Ashford Project was independently valued between A\$13 million and A\$17 million in 2011³.

Upon completing the initial Stage 1 - 40 percent acquisition of the Ashford Project, Aus Tin Mining intends to undertake a feasibility study and progress a Mining Lease Application. With the Federal Government having recently announced the fast tracking of construction for the Inland Rail project⁴ the Company will evaluate as part of the feasibility study the opportunity to utilize this infrastructure to unlock the Ashford Project for export through Brisbane or Newcastle. The Company has previously completed a Pre-Feasibility Study for its Taronga Tin Project east of the Ashford Project and is experienced with the NSW regulatory environment, having previously secured the necessary approvals for first stage mining at Taronga.

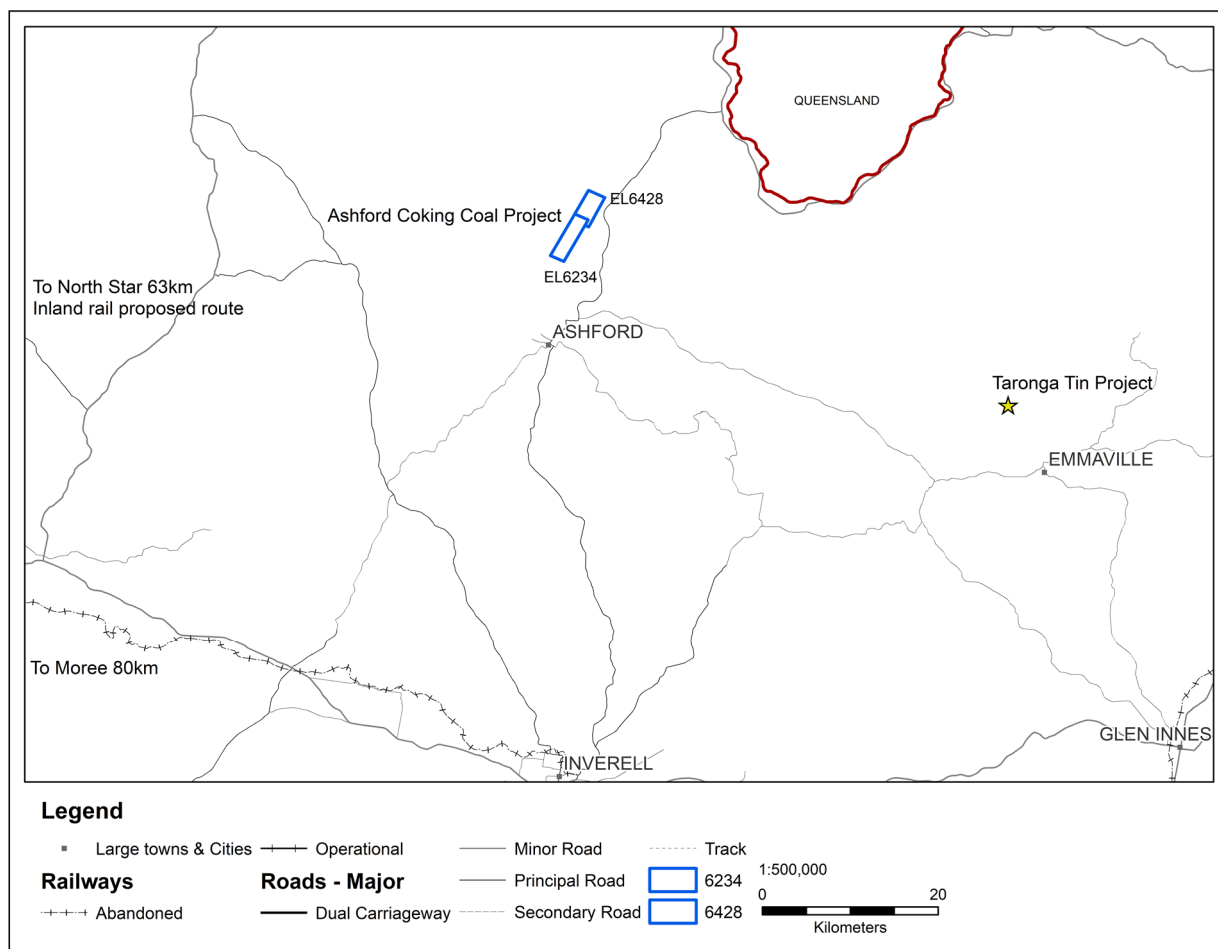


Figure 1 – Location of Ashford Coking Coal Project

² Refer Laneway Resources Limited ASX Announcement dated 20 November 2017

³ Refer to the Independent Expert’s Report in Northern Energy Corporation Limited’s Target Statement per ASX Announcement dated 22 September 2011

⁴ Source: Prime Minister of Australia (www.pm.gov.au); CEDA ‘s State of the Nation Conference’; 15 June 2020

Global Coking Coal Market

Coking (or metallurgical) coal, as distinct from thermal coal, is primarily used to produce steel. The Department of Industry, Science, Energy and Resources⁵ report Australia is the world's number 1 exporter of metallurgical coal and in 2019 exported 184Mt with an estimated value of A\$35 billion. They also report from April 2020 metallurgical coal prices dropped as a result of slowing global economic activity associated with the spread of COVID-19, specifically in China and India, with steel production reportedly cut by 60-70 percent during India's lockdown, and whilst the price for metallurgical coal is forecast to remain flat for the remainder of 2020, prices are expected to begin to recover in 2021 in line with increasing steel production.

The Company anticipates making a further market release with details of the transaction once the formal documentation has been finalised and executed.

This announcement is authorised by the Board of Directors

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Electronic copies and more information are available on the Company website: www.austinmining.com.au

Company Twitter account: [@AusTin_Mining](https://twitter.com/AusTin_Mining)

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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 owns 100 percent of 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 subsequent test work and exploration activities on site have revealed potential credits for copper, silver, tungsten, molybdenum, lithium and rubidium. In 2014 a Pre-Feasibility Study was completed that demonstrated the technical and economic viability of Taronga Tin Project. In May 2019 regulatory approval was received for a 410,000 tonne trial mine and pilot plant but commencement has been deferred due to prevailing drought conditions. 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 April 2020, the Company announced a farm-in transaction over three exploration licences prospective for copper and gold located within the Lachlan Fold Belt in NSW. The Company is also actively exploring for cobalt at its Mt Cobalt project west of Gympie (Qld). 2018 drilling has returned high grades for an enriched cobalt-manganese oxide zone at Mt Cobalt. 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.

⁵ Source: Department of Industry, Science, Energy & Resources; Resources and Energy Quarterly, June 2020

Competent Persons Statement Ashford Coking Coal Resources

The information relating to the Mineral Resources at the Ashford Coking Coal Project is extracted from the Laneway Resources Limited (LNY) ASX Announcement as follows:
ASX Announcement titled:

‘Ashford Coking Coal Project - Increased Resource’ dated 20 November 2017.

The report is available to view on the Laneway Resources website www.lanewayresources.com.au. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and also “Australian Guidelines for the Estimation and Classification of Coal Resources, (2014)”. Aus Tin Mining confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Aus Tin Mining confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

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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