



ASX Announcement

Aus Tin Mining Limited (ASX: ANW)

3 February 2021

Coal Project Update

The Board of Directors of Aus Tin Mining Limited (**Aus Tin**, the Company, ASX:ANW) is pleased to provide the market with a brief update on the acquisition of the Ashford and Mackenzie Coking Coal Projects.

Ashford Coking Coal Project

The Company and the vendors for the Ashford Coking Coal Project (Laneway Resources Ltd (**Laneway**)) have mutually agreed to extend the deadline for the satisfaction of certain conditions for the completion of the **Stage 1** acquisition, from 31 January 2021 to 26 February 2021.

The Company is currently working with Laneway to progress the legal documentation associated with the transaction on the basis that the remaining conditions have been, or are soon to be, fully satisfied.

The full terms of the acquisition are as outlined in Appendix 1.

Mackenzie Coking Coal Project

The Company and Resources and Energy Investments Pty Ltd (**REI**) (the entity acquiring the rights to the Mackenzie Coking Coal Project) have mutually agreed to extend the deadline for the satisfaction of certain conditions for the completion of the proposed acquisition, from 31 January 2021 to 26 February 2021.

The Company is currently working with REI to progress the legal documentation associated with the transaction and to progress the satisfaction of the remaining conditions (including the completion of the acquisition of the rights to the Mackenzie Coking Coal Project by REI which transaction itself is subject to necessary conditions, consents and approvals which are yet to be satisfied)..

The full terms of the acquisition are as outlined in Appendix 1.

Further updates will be provided as matters relevant to these acquisitions progress.

This Announcement has been authorised by the Board of Directors

Karl Schlobohm
Company Secretary
Email: info@austinmining.com.au

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

For further information contact:

Karl Schlobohm
Company Secretary, Aus Tin Mining Limited
Ph: 07 3303 0680

Appendix 1

Ashford Coking Coal Project – Acquisition Terms (originally outlined in ASX release of 31 July 2020)

Aus Tin Mining has 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**).

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 the agreed date (**now 26 February 2021**) 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 (2) Directors to the board of the Company.

At the Stage 1 Completion, the Company will pay to Laneway the amount of any expenditure incurred by Laneway in respect of the Ashford Project, between the date of the Term Sheet and the Stage 1 Completion, up to maximum of \$200,000 (having been increased by \$100,000 from that originally agreed between the parties as at the execution of Term Sheet.

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),

Laneway shall (subject to the satisfaction of any necessary approvals), be entitled to an additional issue of shares by way of deferred consideration, up to a maximum of so many shares such that that post-issue Laneway holds no more than 20% of the issued share capital of the Company. The original Term Sheet set the number of additional shares at so many as would result in Laneway holding 20% of the Company's enlarged issued share capital. In light of Listing Rule 6.18 and following discussions with the ASX, the parties have agreed that this number will be a fixed number of additional shares. The Company and Laneway are currently working to determine what that number shall be.

Mackenzie Coking Coal Project – Acquisition Terms (originally outlined in ASX release of 23 October 2020)

Aus Tin Mining has signed a binding Term Sheet with REI to acquire 100 percent of the issued capital of Mackenzie Coal Project Pty Ltd (**Mackenzie Co**), the entity acquiring the rights to the Mackenzie Project (which transaction itself is subject to necessary conditions, consents and approvals which are yet to be satisfied) for the following consideration:

1. \$1 million worth of Aus Tin Mining shares at an issue price of \$0.001 (1,000,000,000 shares) (**Consideration Shares**);
2. the payment of \$100,000 with \$50,000 to be paid as a deposit upon execution of the Term Sheet, and the balance at completion (*note: deposit will be refundable if the Conditions have not been satisfied by 26 February 2021*);
3. the reimbursement at completion of any funding provided by REI to Mackenzie Co to meet costs in relation to the Mackenzie tenements from the date of the Term Sheet until completion, with such reimbursement amount required to be paid by Aus Tin Mining, capped at \$100,000; and
4. the entry into a legally binding royalty agreement which will provide for the payment of a royalty to REI equal to the lesser of \$1.00 for every tonne, and 1 percent of gross proceeds (less transportation costs), of coal sold from the Mackenzie tenements.

The Proposed Transaction is subject to satisfaction of several conditions prior to **26 February 2021**, including:

1. Aus Tin Mining and REI each conducting and being fully satisfied with the results of its legal, financial and technical due diligence investigations, and in the case of Aus Tin Mining specifically with respect to the Mackenzie Coal Project and Mackenzie Co, and in the case of REI specifically with respect to Aus Tin Mining;
2. the entry by each of Aus Tin Mining and REI into a binding sale and purchase agreement;
3. the entry by each of Aus Tin Mining and REI into a binding royalty agreement;
4. Aus Tin Mining and REI receiving all necessary shareholder and third party approvals and consents to the acquisition of Mackenzie, in accordance with all applicable legal and regulatory requirements, including the ASX Listing Rules; and
5. the issue of the Consideration Shares not resulting in any person (whether that person is a party to the binding Term Sheet or not), being required to make a takeover bid for Aus Tin Mining, or otherwise being in breach of the Takeover Provisions.

If these conditions have not been satisfied by the agreed date (**now 26 February 2021**) then either the Company or REI may terminate the binding term sheet.