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The Manager Announcements
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

AAM Executes Term Sheet to Acquire Philippine Iron Sands Project

Aus Asia Minerals Limited (“AAM or the Company”) has executed a term sheet to acquire the exclusive mining rights to the Cagayan Iron Sands Project.

The Cagayan Iron Sands Project (CISP) is located off the Northern coast of Philippines in Cagayan Province. It encompasses an approximate area of 2000 HA. The mining rights are currently owned by Empire Equity Ltd (“The Vendor”).

The project has all of the required licenses in place, combined with a Mineral Production Sharing Agreement (MPSA) with the Philippine Govt. This will allow AAM to mine and export iron ore concentrate.

Substantial drilling has occurred and the company expects to announce a resource estimate in line with Australian JORC Standards.

Additionally, the above report has identified this to be a low cost production, with minimal capital expenditure.

The company expects CISP to be in production within 6 months from settlement of definitive agreements, subject to the finalization of funding agreements.

Under the proposed project, iron sands would be dredged and then beneficiated into iron concentrate. The iron concentrate would be barged and then loaded onto vessels to be shipped into Chinese and Northern Asian markets.

Discussions with Buyers of the iron ore concentrate are at a mature stage and the Company expects to execute an offtake agreement in the near future.



Under the Term Sheet the Company has agreed to the following commercial terms:

AAM will pay a \$100,000 Option Fee to the Vendor.

AAM will acquire 100% of the issued capital of Empire Equity Limited in exchange for 19.9% of the issued capital of AAM at time of settlement of the above transaction.

Additionally AAM will pay 30% of future gross profits from the project to the vendor.

This acquisition is subject to the finalization of due diligence, the completion of funding arrangements and the preparation of final documentation.

The Company has previously announced a \$5M USD Senior Secured Debt Facility, with TCA Funds Management Group. This facility remains undrawn.

The Company is currently in negotiations with TCA to use this facility for the above project, and these discussions should be completed shortly.

Whilst the Company is in the mature stages of debt funding, it is still examining other funding alternatives open to it which may include a rights issue or a placement of shares.