



ASX Announcement

Aus Tin Mining Limited (ASX:ANW)

23 October 2020

Acquisition of Mackenzie Coal Project in Bowen Basin, Queensland

Highlights:

- **Binding Term Sheet to acquire the Mackenzie Coal Project located in Queensland's Bowen Basin, adjacent to existing mines and infrastructure, comprising a previously announced JORC resource of potential low volatile PCI quality coal.**
- **Technical due diligence completed for acquisition of Ashford Coking Coal Project.**

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 Resources and Energy Investments Pty Ltd (**REI**) to acquire its interests in the Mackenzie Coal Project (**Mackenzie**) located in Queensland's premier coal province the Bowen Basin (the **Proposed Transaction**). Mackenzie includes a previously announced Indicated and Inferred JORC Resource of 138.1Mt¹ of potential low volatile Pulverised Coal Injection (**PCI**) quality coal, and is being acquired by REI from the liquidators of previous owner MRV Bowen Basin Coal Pty Ltd. The proposed acquisition of Mackenzie complements the previously announced proposed acquisition of the Ashford Coking Coal Project in NSW.

Mackenzie Coal Project

Mackenzie comprises Mineral Development Licence (MDL 503) and Exploration Permit Coal (EPC 1445) both located approximately 30km north-east of Blackwater in the Bowen Basin (**Figure 1**) which is well serviced by road, rail and port infrastructure at Gladstone. Mackenzie is adjacent to producing coal mines at Jellinbah² and Yarrabee³ with collective coal production of approximately 8.4Mt in 2019, of which the quality is primarily a low volatile PCI for export markets. Mackenzie is also proximate to coal projects subject to notable transactions including Curragh (Wesfarmers sold to Coronado Coal in 2018 for \$700M) and MDL162 (Peabody sold to Wesfarmers in 2014 for \$70M).

A previous owner of the tenements, Moreton Resources Ltd, announced an Indicated and Inferred JORC Resource for Mackenzie of 138.1Mt¹ of potential low volatile PCI coal quality. The resource is reportedly based on 31 drill holes targeting four main seams (Aries, Castor, Pollux and Pisces) occurring at depths of between 250m and 450m. Moreton Resources reported the "resource contains semi-soft metallurgical coking coal and low volatile PCI coal properties throughout"¹.

¹ Refer ASX Announcement for Moreton Resources Limited dated 2 September 2015 containing a JORC Resource including 65.1Mt Indicated and 73Mt Inferred. Full details at <http://moretonresources.com.au/wp-content/uploads/2015/09/MRVASXANNOUCEMENTMACKENZIEJORCSEPT15.pdf>

² Source Jellinbah Group Pty Ltd website <http://www.jellinbah.com.au/>

³ Source: 2019 Annual Report for Yancoal Australia Ltd
[https://www.yancoal.com.au/content/Document/YAL_Annual_Report_to_shareholders\(1\).pdf](https://www.yancoal.com.au/content/Document/YAL_Annual_Report_to_shareholders(1).pdf)

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

- a) \$1 million worth of Aus Tin Mining shares at an issue price of \$0.001 (1,000,000,000 shares) (**Consideration Shares**);
- b) the payment of \$100,000 with \$50,000 to be paid as a deposit, and the balance at completion (*note: deposit will be refundable if the Conditions have not been satisfied by 31 January 2021*);
- c) 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
- d) 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 31 January 2021, including:

- a) 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;
- b) the entry by each of Aus Tin Mining and REI into a binding sale and purchase agreement;
- c) the entry by each of Aus Tin Mining and REI into a binding royalty agreement;
- d) 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
- e) 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.

Aus Tin Mining Director Nicholas Mather said of the Proposed Transaction that “*Aus Tin Mining is extremely excited by the opportunity to acquire Mackenzie and its substantial coal resources located in the engine room of Queensland’s coal industry. As global steel production rises to meet post-COVID demand, and given there is no commercial substitute for metallurgical coal in the production of steel, global demand for metallurgical coal will increase. Mackenzie and Ashford will provide commodity diversification and growth opportunity for Aus Tin Mining to create shareholder value, and we encourage shareholders to join Directors and management by participating in the Entitlement Offer which is scheduled to close Friday 30th October 2020.*”

Ashford Coking Coal

With recent changes to Queensland / NSW border arrangements permitting travel for Queensland residents south to Glen Innes, Aus Tin Mining personnel were able to attend the site for the first time and complete the technical due diligence component of the Ashford transaction.

Documentation for the Ashford Coking Coal Project is progressing and Aus Tin Mining and Laneway Resources Limited have agreed an extension to accommodate completion of two conditions associated with the strengthening of Aus Tin Mining’s balance sheet, a condition of the Ashford transaction, namely an extended period for the Entitlement Offer to raise a minimum \$1.2 million, and the conversion of a minimum of \$1.66 million worth of debt into equity, subject to existing placement capacity and shareholder approval. The date for completion of the transaction conditions has been extended to 31 January 2021.

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

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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.

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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