



ASX Announcement

Aus Tin Mining Limited (ASX: ANW)

6 August 2015

Acquisition of Tasmanian Tin Mine and Processing Plant

Highlights

- **Heads of Agreement signed to acquire the Granville Tin Project located near Zeehan, Tasmania. Transaction conditional on satisfactory due diligence and obtaining necessary approvals.**
- **Granville Tin Project comprises two Mining Leases, the Granville East open pit, the Central Big H & Deep Lead prospects and the Twelve Mile processing plant. The Granville Tin Project has been operated variously since 1984 and produces a tin concentrate grading over 70% Sn. The Granville Tin Project is currently on care & maintenance.**
- **Acquisition of the Granville Tin Project will provide Aus Tin Mining with the opportunity to generate early cash flow and compliments the Stage 1 Development at Taronga Tin Project.**

The Directors of Aus Tin Mining Limited (the Company) are pleased to announce that a non-binding Heads of Agreement (HOA) to acquire private company McDermott Mining Pty Ltd (**McDermott Mining**) and the Granville Tin Project located in Tasmania has been executed with the owners of McDermott Mining. Subject to satisfactory due diligence and receipt of all necessary approvals the Company will acquire McDermott Mining and its assets for \$1.30M, comprising vendor finance, a 2% Net Smelter Royalty and assumption or repayment of an existing working capital facility (the **Transaction**). It is the Company's intention to recommence operations as soon as possible.

The Granville Tin Project comprises two mining leases, the Granville East open pit, the Central Big H & North Heemskirk Deep Lead prospects, and the Twelve Mile processing plant (Figure 1). The Granville Tin Project has been operated variously since 1984 and produces a tin concentrate grading over 70% Sn. The Granville Tin Project was placed on care & maintenance during the first half of 2015 whilst the owners sought to secure the necessary capital to progress an expansion of the project.

The Granville East open pit (Figure 2) is located within mining leases 21M/2003 and 9M/2006, approximately 28km from Zeehan in western Tasmania. The Granville East open pit lies on a calc-silicate horizon which has undergone high grade skarn style hydrothermal mineralisation, resulting in a banded magnetite rich deposit carrying varying quantities of tin. Mineralisation is concentrated in the central section of the pit striking NE to SW, and comprises a kaolite rich hanging wall with high grade tin mineralisation and a consolidated ore lode with lower grade Sn. Historical exploration results include drilling intersections from within the open pit of up to 3.6%Sn¹ and average ore stockpile grades of 1.88%Sn¹.

¹ Stonehenge Metals Limited, ASX announcement dated 8 November 2006

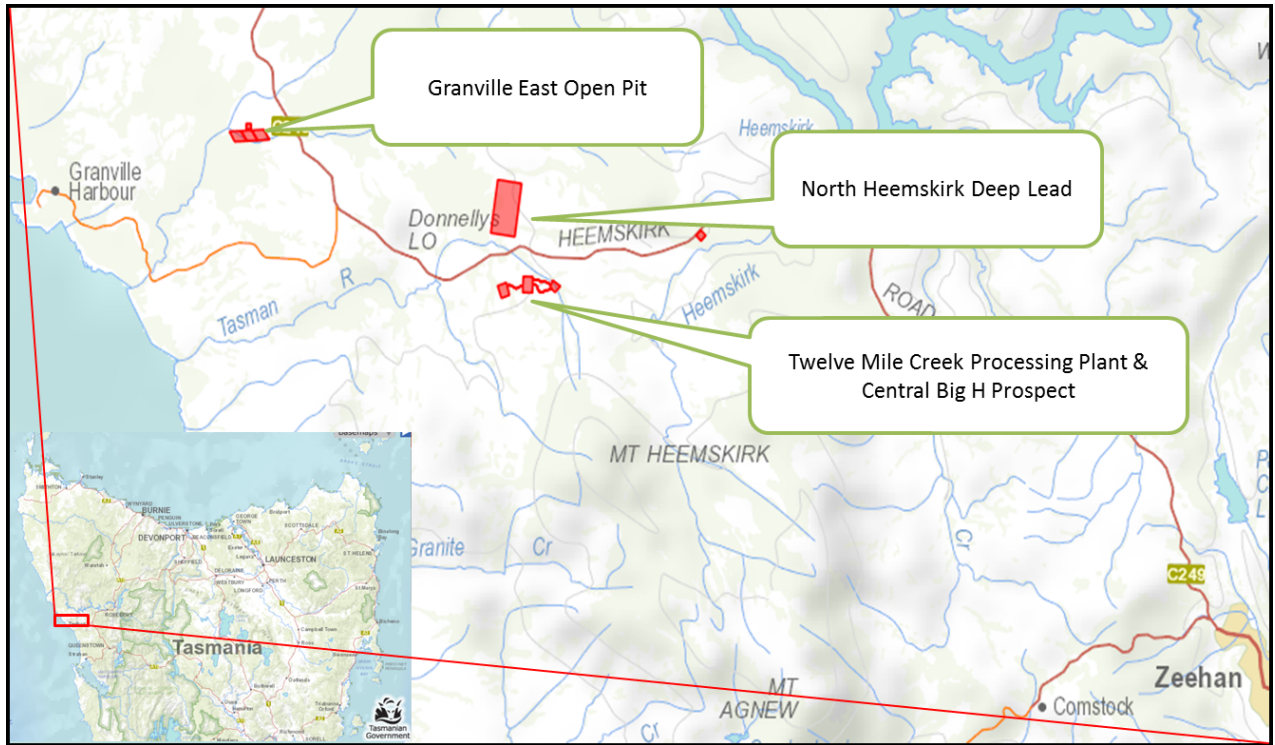


Figure 1: Location map of the Granville Tin Project



Figure 2: View of Granville East pit looking south

The Twelve Mile Creek processing plant is located 21km from Zeehan with access to the Granville East open pit via Heemskirk Road (bitumen). The processing plant comprises a crusher, ball mill and tin dressing (including jigs, tables, magnetic separators and flotation). The Twelve Mile Creek processing plant is currently approved to treat 1000tpa but McDermott Mining has commenced the process to increase the approved treatment rate to 50,000tpa.

Most recent tin production is reported at 500kg per day with tin recoveries of 80% at a tin concentrate grade of over 70% Sn². Tin concentrate is drummed, containerised and sold overseas. A magnetite concentrate is also produced and is currently stockpiled at site.

The Granville Tin Project also comprises two alluvial tin projects, Central Big H Prospect and the North Heemskirk Deep lead. Both projects are located within 21M/2003. The Central Big H Prospect was worked as part of the deep lead alluvial but covers a magnetic anomaly which is coincident with calcisilicate bands in black slate extending to the third party St Dizier project approximately 1.4km to the west (2.26Mt @ 0.61%Sn)³. Historical drill results at Central Big H include 1.25m at 0.45%Sn from 143m

² McDermott Mining, July 2015

³ Source: Stellar Resources Limited, ASX announcement dated 12 March 2014

depth⁴. Limited work has been undertaken at the North Heemskirk Deep Lead. Whilst Aus Tin Mining does not have any immediate plans to exploit the alluvial prospects they do represent future exploration targets.



Figure 3: Twelve Mile Creek processing plant with table/magnetic separation for removal of magnetite.

The Transaction is subject to a 60 day exclusivity period during which the Company will complete technical, financial and legal due diligence and seek any necessary approvals. Total consideration for the Transaction is \$1.3M, comprising:

1. \$250,000 payable in four equal instalments on a semi-annual basis, commencing six months after the completion date; and
2. \$250,000 payable by the issue of 50,000,000 (fifty million) ordinary shares at \$0.005 (0.5 cents) per share in Aus Tin Mining, subject to voluntary escrow by the Vendors in four tranches on a semi-annual basis, commencing six months the completion date;
3. A 2 percent NSR on tin production beyond month 24 after the completion date up to a maximum amount of \$550,000 (five hundred and fifty thousand dollars); and
4. Aus Tin Mining will also replace, assume or settle of all outstanding payments and obligations associated with a \$250,000 overdraft facility.

Post completion of the Transaction the Company intends re-commencing production as soon as practical. Necessary approvals will be sought to process the reported 15,000 tonnes of ore stockpiles at the Granville East open pit, and the Twelve Mile Creek processing plant, and thereafter the Granville East open pit at the expanded rate of 50,000tpa.

During the past month the A\$ tin price has risen by over 11.0 percent⁵ and is currently over A\$21,000/t which compares favourably with reported operating costs of the current owners of A\$6,000/t of tin⁶. Free cash flow will be used to develop the resource target estimate at Granville East open pit and fund further expansion at Twelve Mile Creek processing plant, and contribute to the progress of the Stage 1 Development at the Taronga Tin Project in NSW.

⁴ Source: Stonehenge Metals Limited, ASX announcement dated 8 November 2006

⁵ Source: CBA Commodities Daily Alert 6 August 2015

⁶ Source: McDermott Mining, July 2015



On behalf of the Board
KM 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:

Mr. Peter Williams
CEO, Aus Tin Mining Limited
Ph: 07 3303 0611

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