



ASX Announcement

Aus Tin Mining Limited (ASX:ANW)

11 October 2019

Results of Strategic Review on Granville Tin Mine

Highlights:

- Results of strategic review on the Granville Tin Mine include:
 - i. Operation to be placed on temporary care & maintenance until suitable mine fleet is available and additional equipment is installed at the plant; and
 - ii. Pre-concentration prior to the mill provides near-term opportunity to expand production above the existing target; and
 - iii. Exploration to extend the current mineral inventory and mine life will be accelerated.
- The resumption of operations, possible expansion and exploration will be contingent on appropriate funding being secured, which the Company is currently pursuing.

As announced on 20th September 2019, following the failure of key mining equipment the decision was made to undertake a strategic review of the Granville Tin Mine (**Granville**) in order to determine the most economically efficient means of extracting value from the project. The review was completed using internally and externally generated data. The Directors of Aus Tin Mining Limited (the Company) have considered the review and provide the following update in relation to the review's findings thus far.

Review Findings

Notwithstanding operations had been on an improving trendline at the time the strategic review was announced, analysis of recent actual vs target Key Performance Indicators (**KPIs**) highlighted that a number of KPIs were yet to be achieved, albeit several were either transitioning (eg. high grade ore at base of pit was ready to be mined) and/or had recently been implemented (ie. commencement of crushing and processing of crushed material) but had yet to be fully reflected in the actual results.

Table 1: Summary of Granville Tin Mine KPIs since implementation of crusher in August 2019

KPI	Achieving Target KPI	Actual / Target / Planned Situation
Mine Grade	No	Actual approx. 1.4% Sn; Target 2.0% Sn Transitioning to more selective mining, up to 4.9%Sn over 3m depth assayed at base of pit
Crushed Product Size	Yes	Crusher generating -25mm material since August 2019
Mill Feed Rate	Exceeding	Actual approx. 2.9tph; Target 2.5tph Optimised feed rate to be further reviewed taking into consideration impact of increased feed rate on tin recovery absent installation of additional equipment in gravity and flotation circuits
Mill Feed Grade	No	Actual 1.4% Sn; Target 2.0%Sn Transitioning to more selective mining (see above)
Mill Operating Hours	No	Actual approx. 10 hour /day; Target minimum 20 hours / day Planned transition to 24 hours operations with additional staffing
Tin Recovery	No	Actual approx. 42% (to preconcentrate); Target KPI 60% (to preconcentrate), Planned installation of additional equipment in gravity and flotation circuits

Of the KPIs reported, tin recovery to pre-concentrate has had the most significant impact on production. Whilst tin recovery could be expected to increase as a function of a higher feed grade, further measures are proposed with the installation of additional equipment in the gravity circuit aimed at increasing the tin recovery to pre-concentrate, plus incorporating additional flotation capacity into the dressing circuit, again aimed at increasing tin recovery.

The Company has estimated the cost to resume operations and installation of additional equipment at the plant at approximately \$500,000, including a provision for working capital and finalisation of the purchase of the crusher. The largest individual item within the estimate is \$80,000 for repairs to the 50-tonne excavator, being the replacement of the slew gear and motor, and could take up to two months if replacement components are sourced from overseas. Alternative arrangements for mine equipment are being examined.

Identification of Potential Upside

The review highlighted two key areas of potential upside each of which will be further assessed and include:

- Use of additional pre-concentration prior to the ball mill to increase the overall units of tin reporting to the mill and increase the production rate. The Company employed a jig in 2017 to successfully increase the feed grade of tailings material reporting to the mill (increased from circa 0.9%Sn to 2.3%Sn) and will be considered for Run-of-Mine material. Other methods of pre-concentration prior to the mill could include magnetic separation and ore-sorting, both of which will be evaluated. The Company will engage an independent consultant to evaluate various KPIs as part of an expanded production rate.
- Potential to exploit additional regional tin prospects. The Company has previously identified Central Big H, located within an interpreted skarn horizon (Figure 1) and within 500m of the plant as a future target. The Company has also been recently advised that it is the preferred applicant for new exploration licence encompassing an extensive zone of this interpreted skarn horizon, and several magnetic targets trending north-west between the plant and the Granville Tin Mine, and further details will be provided in due course if successfully granted.

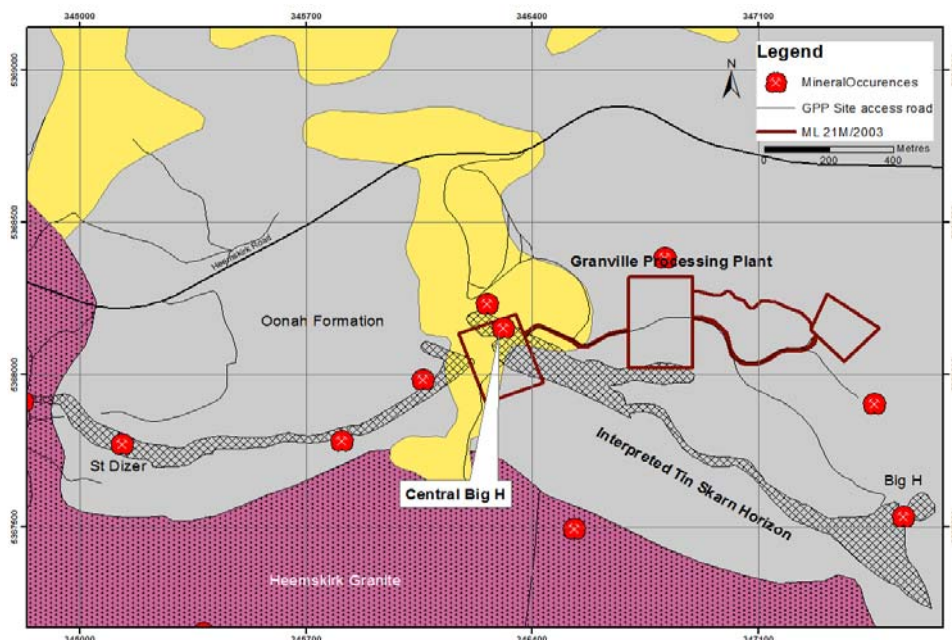


Figure 1 – Interpreted tin skarn horizon proximate to Granville Processing Plant

Review Recommendations

Based on the above findings, the following course of action will be undertaken:

- The operation will be placed on temporary care & maintenance until the mine fleet is available and the additional equipment to increase tin recovery is installed at the plant. A resumption of operations will be targeted for an expanded 24 hour operation and cognisant that mining and crushing operations are best undertaken during drier weather, the focus will be to resume operations such as to take advantage of the driest part of the year, typically between December and April.
- All readily available concentrate is to be sold, with the sale to Traxys expected to be finalised early next week.
- The potential to increase mill feed rate could significantly enhance the economics of the project and will be pursued as a near-term objective, ideally in conjunction with a resumption of operations.
- Work to expand the mineral inventory will be accelerated, commencing with assessment of targets within a zone of interpreted skarn proximate to the plant, subject to the successful grant of a new exploration licence.

The resumption of operations, possible expansion and exploration will be contingent on appropriate funding being secured, which the Company is currently pursuing. In addition, the Company is investigating avenues to advance the interim program at Taronga, and is also considering other opportunities.



On behalf of the Board
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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 has recommenced production at the high-grade Granville Tin Project located north of Zeehan (TAS) and the Company intends to expand the Granville Tin Project and undertake exploration to extend the Life of Mine. The Company is also developing 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 test work and exploration activities on site have revealed potential credits for copper, silver, tungsten, molybdenum, lithium and rubidium. 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 May 2019 the Company received final regulatory approvals for the first stage of development at Taronga for a trial mine and pilot plant.

The Company is also actively exploring for cobalt at its Mt Cobalt project west of Gympie (QLD). Recent drilling has returned high grades for an enriched cobalt-manganese oxide zone. 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.

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