

ASX ANNOUNCEMENT

31 July 2020

Agreement for Sale of Ashford Coking Coal Project

- Binding Term Sheet entered into for the proposed staged sale of the Ashford Coking Coal Project to Aus Tin Mining Ltd (“Aus Tin”) (ASX : ANW).
- Consideration to be received to include:
 - Laneway being issued a 20% shareholding in Aus Tin (on Aus Tin’s enlarged share capital after it strengthens its balance sheet by completing a capital raising and other debt for equity conversions);
 - A further \$7m payment (consisting of \$2m cash and a further \$5m in cash or Aus Tin shares issued at a 20% discount); and
 - A retained royalty interest for Laneway to be paid \$0.50 per tonne for every tonne of coal produced from the Ashford project. The current Indicated and Inferred Resource at Ashford is 14.8 million tonnes¹ of in-situ coal.
- The proposed transaction will allow Laneway to:
 - Bring forward realisation of value for the Ashford Project for Laneway shareholders;
 - Remain focussed on progressing the Company’s gold mining and exploration projects;
 - Provide a ‘pure play’ gold investment profile for investors;
 - Obtain funding for the Ashford Coking Coal Project which will enable the project to be progressed in a manner that is not dilutive to the existing issued capital of Laneway;
 - Retain considerable exposure to the Ashford Projects’ future potential through both the 20% initial shareholding interest in Aus Tin, the further cash and share consideration to be issued to Laneway upon exercise of the stage 2 option and the retained royalty interest on coal sold from the project; and
 - Provide Laneway shareholders with exposure to Aus Tin Mining’s other existing projects including the Taronga Tin Project and the Mt Cobalt and Pembroke nickel, copper and cobalt projects.

Proposed Transaction

The Directors of Laneway Resources Ltd (Laneway or the Company) are pleased to announce that Laneway has entered into a binding term sheet with Aus Tin to sell 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. Based upon the proposed capital raisings and debt for equity conversions to be undertaken by Aus Tin, Laneway

¹ Refer to Laneway ASX announcement dated 20 November 2017

expects to receive approximately 2 billion Aus Tin (ASX:ANW) shares with respect to the sale of the initial interest in the project. 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 Aus Tin 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), 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 of:
 - a. a rights issues to be undertaken by Aus Tin 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 of certain existing Aus Tin debt into equity subject to existing placement capacity and where necessary shareholder approval; and
3. the entry into formal transaction documentation.
4. any necessary shareholder or regulatory approvals.

If these conditions have not been satisfied by 31 October 2020 then either Aus Tin or Laneway may terminate the binding term sheet. As and from the Stage 1 Completion, Laneway will be entitled to nominate two directors to the board of Aus Tin.

Additionally, as from the Stage 1 Completion until such time as:

1. an additional \$1m of capital is raised by Aus Tin (either through cash subscriptions or debt conversion) (the Non-Lind Cap Raising); and
2. \$1m worth of Aus Tin's Lind Facility is converted into equity in Aus Tin or repaid (separate and in addition to the Non-Lind Cap Raising),

Aus Tin will issue to Laneway (subject to the satisfaction of any necessary approvals), such additional shares as is necessary from time to time to ensure that Laneway holds 20% of the issued share capital of the Company.

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 or termination of Aus Tin's Lind Facility.

Where these conditions have not been satisfied by the third anniversary of the Stage 1 Completion, then Laneway may require Aus Tin 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 Aus Tin.

Through this transaction, Laneway shareholders will also gain exposure to Aus Tin Mining's other existing projects including the Taronga Tin Project and the Mt Cobalt and Pembroke nickel, copper and cobalt projects.

About Aus Tin Mining:

Taronga Project

Aus Tin's flagship project is currently the 100 percent owned Taronga Tin Project located in northern NSW. A Pre-Feasibility Study (PFS) was completed in 2014 and demonstrated the technical and economic viability of the project². In 2019³ Aus Tin received regulatory approval for a 410,000 tonne trial mine and pilot plant but commencement was deferred due to prevailing drought conditions.

The PFS highlighted several areas of upside potential including feed grade, tin recovery and potential credits for copper and silver. The Company is intending to use some of the funds raised to progress a work program at Taronga, aimed at determining the true grade of the deposit. In their Mineral Resource (JORC 2012) report, Mining One noted a probable range of true grades between 0.19%Sn to 0.25%Sn, based on a trend observed whereby larger samples tended to provide a higher grade (the Support Effect), as evidenced by assay results for bulk samples collected for metallurgical pilot plant test work conducted by the previous owners (0.21 to 0.24%Sn). Increasing the average plant feed grade from 0.16%Sn to 0.19%Sn in the PFS base case would increase the NPV (8%) from AU\$63.15M to AU\$145.71M.

Mt Cobalt Project

The Mt Cobalt / Pembroke prospects are located west of Gympie (QLD). Drilling undertaken in 2018 returned high grades for an enriched cobalt-manganese oxide zone at Mt Cobalt.⁴ 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.

Granville Tin Project

The Granville Tin Mine is located in western Tasmania and is currently on care & maintenance. The Company is currently pursuing options for its divestment.

Lachlan Farm-in and Joint Venture

In April 2020, Aus Tin announced that it had agreed commercial terms with Lachlan Copper Pty Ltd (Lachlan Copper), for a farm-in on three exploration licences (ELs) held by Lachlan Copper, south of Orange in the Lachlan Fold Belt⁵. There is renewed interest in exploration in the Lachlan Fold Belt following positive announcements from companies such as Alkane Resource Limited (ASX: ALK), Sky Metals Limited (ASX: SKY) and Magmatic Resources (ASX: MAG).⁶ Aus Tin considers that the ELs are prospective for copper and gold, and as there has been limited modern exploration undertaken on them, the farm-in offers an exciting opportunity for the Company.

Narrallen (EL 8758) is located within the southern end of the Molong Volcanic Belt, and though located in the same sequence that hosts Cu-Au porphyry projects (including Cadia-Ridgeway and Boda), limited exploration has been undertaken within the area since the 1970's when companies were seeking Volcanic-hosted Massive Sulphide (**VHMS**) targets. The immediate focus for the Company's exploration

2 Refer Aus Tin ASX Announcement dated 7 April 2014 and available at www.austinmining.com.au. See <https://wcsecure.weblink.com.au/pdf/ANW/01507167.pdf>

3 Refer Aus Tin ASX Announcement dated 13 May 2019.

4 Refer Aus Tin ASX Announcements dated 23 January 2018 and 16 February 2018.

5 Refer Aus Tin ASX Announcement dated 15 April 2020.

6 Refer Aus Tin ASX Announcement dated 15 April 2020 For Example see announcements from: ALK (20 March 2020); SKY (10 February 2020); and MAG (29 January 2020).



activities at Narrallen will comprise a work program to target an 8km zone of Ordovician volcanics, which the Company believes is prospective for Cu-Au porphyries (because it exhibits outcropping metal zonation (copper, lead / zinc) and coincident elevated magnetics), but it is undrilled (and exploration work on the target area has been limited to historic workings).

Koorawatha (EL 8740) and Murringo (EL 8757) are hosted in a slightly younger sequence compared to Narrallen and are considered prospective for VHMS and magmatic copper targets and McPhillamys style gold deposits. Initial exploration at Koorawatha will target a 7km NW-SE trend of a coincident Geochem/Induced Polarisation target in which historic drilling intercepted magmatic vein breccias with copper mineralisation (chalcopyrite). At Murringo field reconnaissance will be undertaken to understand chalcopyrite bearing skarn mineralisation drill in the 1970's.

This announcement has been approved by the Board

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Competent Persons Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Scott Hall who is a member of the Australian Institute of Mining and Metallurgy. Mr Hall is a full-time employee of Laneway Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral Resources at the Ashford Coking Coal Project is extracted from the ASX Announcement as follows:

ASX Announcement titled:

'Ashford Coking Coal Project - Increased Resource' dated 20 November 2017.

The report is available to view on the Laneway Resources website www.lanewayresources.com.au. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and also "Australian Guidelines for the Estimation and Classification of Coal Resources, (2014)". The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.