



22 October 2020

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Joint Venture Proposal

Australia United Mining Limited (ASX: AYM, “AYM” or “the Company”) is pleased to announce that Fortius Mines Pty Ltd (“Fortius”), its wholly-owned subsidiary, has entered into a binding Joint Venture Proposal with Sofala Minerals Pty Ltd (“the Joint Venture Partner”), regarding its Exploration License EL7423 in New South Wales (“the Tenement”). Subject to approval of its shareholders, MinRex Resources Limited (ASX: MRR) (**MinRex**) is proposing to acquire the Joint Venture Partner and assume the obligations of the Joint Venture Partner under the Joint Venture Proposal (including to issue consideration to the Company).

Under the Joint Venture Proposal, the Joint Venture Partner is granted the right to enter into a Joint Venture Agreement with Fortius, which is expected to be executed by no later than 31 December 2020 (“the Proposed Joint Venture Agreement”). Subject to the execution of the Proposed Joint Venture Agreement, Fortius will receive a consideration totalling \$1,050,000, including a non-refundable \$50,000 cash payment and \$1,000,000 worth of MinRex shares at a deemed issue price of \$0.02 per share (subject to MinRex shareholders’ approval).

Under the Proposed Joint Venture Agreement, the Joint Venture Partner will be granted the exclusive right but not the obligation to acquire, by way of farm-in over a period of three years from the execution of the Proposed Joint Venture Agreement, an undivided interest of up to 80% in the Tenement through two stages (“the Farm-in Period”):

- The Joint Venture Partner has the right to acquire an initial 51% interest in the Tenement by sole funding exploration and development expenditure of \$750,000;
- Following the 51% farm-in interest, upon another non-refundable cash payment of \$50,000 to Fortius, the Joint Venture Partner has the right to acquire an additional 29% interest (taking its total interest in the Tenement to 80%) by sole funding exploration and development expenditure of additional \$1,500,000.

Following the Farm-in Period, all costs on the Tenement will be taken on a pro-rata basis. Standard industry dilution clauses will apply if either party is not able to meet its share of joint venture expenditure. Nevertheless, Fortius will retain a free carried interest of 10% and will be entitled to a 1% net smelter royalty from all mineral production from the Tenement.

The Proposed Joint-Venture Agreement will contain a first right of refusal for each party in respect of the sale of the other party’s rights under the joint venture or interest in the Tenement.



Both the Joint Venture Proposal and the Proposed Joint Venture Agreement are subject to a number of conditions including all required shareholders and relevant regulatory approvals by AYM and MinRex, completion of due diligence by the Joint Venture Partner and MinRex to their satisfaction within thirty days of the date of execution of the Joint Venture Proposal and completion of the acquisition of the Joint Venture Partner by MinRex (and assumption by MinRex of the obligations of the Joint Venture Partner under the Joint Venture Proposal).

For and behalf of the Board,

A handwritten signature in black ink, appearing to read "Xiao Wang", is positioned below the text "For and behalf of the Board,".

Xiaojing Wang
Managing Director



About AYM

Australia United Mining Limited is a junior exploration and development company. It holds tenure of projects of Sofala, Karangi, and Honeybugle in New South Wales and Forsayth project in Queensland, all of which contain prospects with targets identified.

Sofala: The Sofala Project is located approximately 30km north of Bathurst in the central west of New South Wales and covers a portion of Sofala Volcanics and younger sediments on the eastern side of the Hill End Trough.

Karangi: The Karangi Project is located approximately 10kms north-west of Coffs Harbour and approximately 500 kms north of Sydney. The tenement is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits.

Honeybugle: The Honeybugle Project is located approximately 40kms south-southwest of Nyngan in the central west of New South Wales. The tenement is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetics.

Forsayth: The Forsayth project is located around and to the south-east of the town of Forsayth in North Queensland within the Forsayth Province of the Georgetown Inlier. Over 50 historic gold workings, prospects and significant past producing mines occur within the project area and at least 18 companies have explored the area.