

# TNT MINES LIMITED

ABN 67 107 244 039

19 June 2013

Dear Shareholder,

## **INITIAL PURCHASE OF EQUITY IN TNT MINES AND AN INTENDED TRANSACTION FOR THE COMPANY**

I write to bring news of an exciting development for your Company. As you will know, the TNT Board and management have been trying to gain an ASX listing for the company since it was demerged from its parent, Minemakers Limited, in 2011. However the very difficult market conditions for our sector have precluded attainment of this goal, with no easing of these adverse factors forecast for the near future.

I am very pleased to advise that TNT Mines and ASX-listed Niuminco Group Limited (NIU) have signed agreements which, in time, are intended to allow TNT Mines shareholders to hold tradeable stock in that listed entity. Summaries of those agreements can be seen in an ASX release of this date by NIU, a copy of which is attached to this letter.

As a first step, NIU is to immediately purchase a diluted 19.9% interest in TNT Mines by subscribing for 21,908,250 ordinary shares which will be effected by the issue of the same number of ordinary NIU shares to TNT, and which TNT could sell to raise working capital. The companies have also agreed in good faith to give consideration to a further transaction by way of a merger, takeover, scheme of arrangement or other mutually acceptable transaction. This is being advanced as a matter of urgency, with the companies now conducting mutual due diligence.

Assuming that assessment is positive, the directors have advised NIU that they will support a transaction with Niuminco, and recommend that TNT shareholders do the same. NIU will take over management TNT Mines if it attains a 51% holding. So as to allow expeditious advancement of our exciting tin, tungsten and fluorspar Tasmanian projects, TNT technical management will be made available to NIU as required.

Our shareholders who participate in a transaction with Niuminco will then be part of an expanded NIU company which holds not only our strategic Tasmanian assets, but also advanced copper-gold exploration assets in the major producing province of Papua New Guinea. Niuminco will then be well positioned to take advantage of the eventual correction in the market when attention returns to the key strategic, base and precious metals sectors.

We are pleased and positive about this transaction.

Michael Beer  
Managing Director



# Niuminco Group Limited

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19<sup>th</sup> June 2013

Company Announcements  
Australian Stock Exchange

## **PURCHASE OF INTEREST IN TNT MINES LIMITED AND CORPORATE UPDATE**

### **Purchase of 19.9% interest in TNT Mines Limited**

Niuminco Group Limited ("Niuminco") announces that it has agreed to subscribe for 21,908,250 ordinary shares in the capital of TNT Mines Limited ("TNT") for the consideration of the issue of 21,908,250 ordinary shares in the capital of Niuminco at an effective consideration of 3 cents per share.

The companies have also agreed to act in good faith to give consideration to a further transaction by way of merger, takeover, scheme of arrangement or other mutually acceptable transaction.

The companies have agreed that they will enter into a Management Agreement under which Niuminco will manage the business of TNT in the event that a mutually acceptable transaction occurs and for as long as Niuminco shall hold not less than 51% of the issued capital of TNT.

The expected timetable is that the parties will issue the shares comprising the cross shareholding referred to above immediately. Thereafter the parties will conduct due diligence over the next 20 days and determine whether they are satisfied with that due diligence within a further 2 days.

The timetable for any further transaction will depend on the form of that transaction, and will be announced when it has been determined.

The financial position of Niuminco will not be impacted by the issue of the shares to TNT described above. The financial impact of any transaction will be advised when the form of that transaction has been determined.

TNT is an unlisted public company which was demerged from ASX-listed Minemakers Limited in 2011. It has significant Tasmanian tin, tungsten and fluorspar assets.

TNT has 100% ownership of all the old hard rock tin and tungsten mines in Northeast Tasmania. This district is Australia's largest producing one for combined tin and tungsten, with major activities centred on the Aberfoyle, Storey's Creek and Anchor mines.

In the Northwest of the State, TNT holds a number of prospective properties. In the Zeehan area, it holds 75% of the historic Oonah Mine, which produced over 2 million ounces silver, as well as lead and zinc, and contains a significant tin lode including an early target - Anomaly 370 which is a ready to drill shallow geophysical target. Closer to the North coast, TNT holds an option to acquire an initial

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80% of the major Moina skarn deposit which is ranked as one of the world's largest undeveloped fluorspar- tungsten-magnetite deposits.

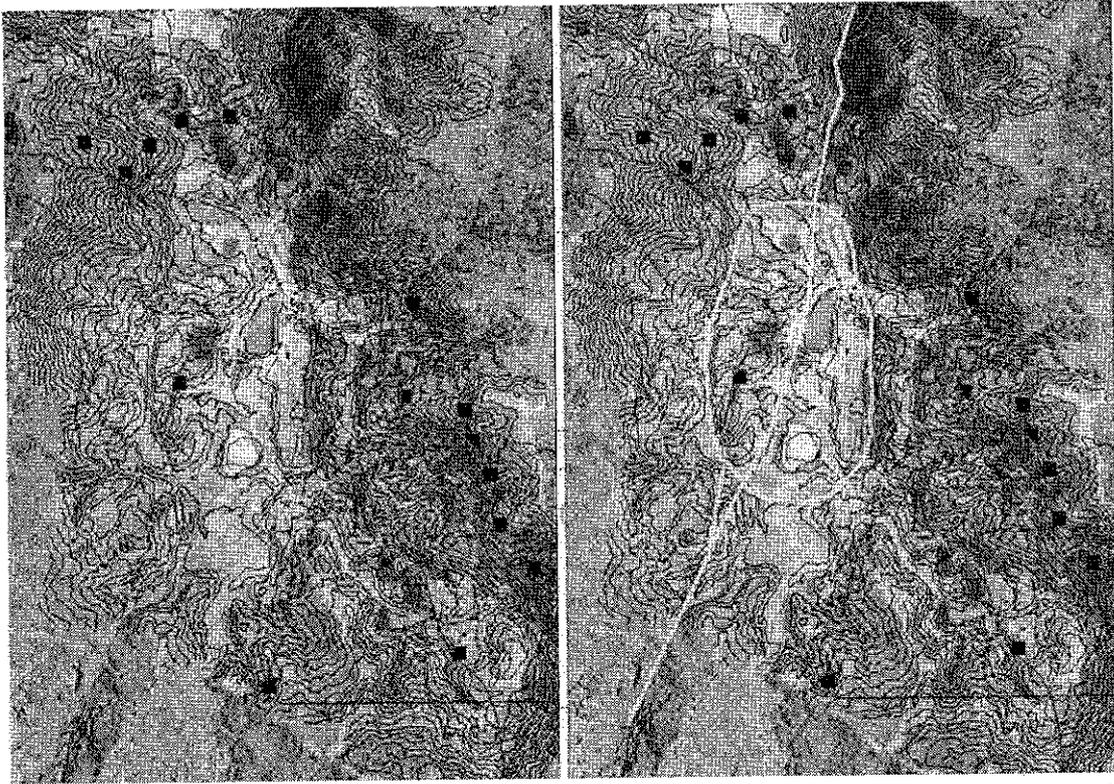
Professor Ian Plimer is a Director of both Niuminco and TNT.

A summary of the TNT Agreements is attached to this announcement.

### DRILLING UPDATE

The first stage of our previously announced potential three stage drilling program has now been completed. A summary of this drilling program from a report prepared by Mr John Nethery follows:-

#### Stage 1 Drill Report



Air photograph, Drainage, 5m topographic contours, main lodes, Edie Ck Fault & Diatreme

#### STAGE 1 DRILLING PROGRAM

Karuka – Enterprise Stockwork and Edie Creek Diatreme were defined as potential bulk tonnage targets. Both areas had some uncertainty about the robustness of the geochemical and geological models, so a carefully staged drilling program was proposed using a rig that was already on site, and choosing sites requiring a minimum of site and access preparation.

Karuka- Enterprise Stockwork has a strong gold anomaly defined by 1366 continuous chip samples of weathered rock outcrop in trenches which averaged 0.53g/t. The uncertainty was whether this strong gold response is due to supergene enrichment which may decrease at depth, or alternatively represent a surface leached zone from which grade increases with depth to the base of oxidation, as suggested by the district-wide assessment of Lowenstein (1982).

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The uncertainty about the Edie Creek Diatreme was whether the exposed small diatreme bodies link at depth to form a larger diatreme system, or alternatively are a series of discrete small bodies linked to shallow NE-dipping detachment faults. The latter may limit the potential tonnage.

#### **Karuka – Enterprise Stockwork**

An initial test of the Karuka- Enterprise Stockwork used the Traverse Drilling “Romeo” rig on site from a currently accessible point on the Enterprise access road. Parameters for EDD014 are: PQ/HQ coring, coordinates 462,221E / 9,186,950N, azimuth 231°TN, inclination -60°, depth 90.7m. This was intended to traverse the main Karuka Stockwork, but was abandoned due to penetration difficulties at 90.7m after passing through a refilled cavity in the Karuka underground workings.

An additional hole EDD016 was drilled from the same site at a slightly different azimuth. Parameters for EDD016 are: PQ/HQ coring, coordinates 462,222E / 9,186,950N, azimuth 227°TN, inclination -60°, depth 314.3m. This was intended to traverse the main Karuka Stockwork, but was terminated at 314.3m after failing to intersect any significant stockwork zone.

Assay results are awaited from both EDD 014 and EDD 016 but both are expected to be negative except in the Karuka vein zone from 80m to the end of hole. It seems that the Karuka Stockwork Zone does not extend as far south-east as this section.

#### **Edie Creek Diatreme**

The first hole test of the Edie Creek Diatreme was EDD015 with parameters: PQ/HQ coring, coordinates 462,762E / 9,185,951N, azimuth 033°TN, inclination -60°, depth 312.6m. This penetrated directly beneath anomalously high gold chip samples on the Alpha South benches (Figure 6).

The interval 1 to 40m in EDD 015 comprises high level diatreme or maar breccia, which was not evident in surface exposure, while further down the hole diatreme root breccias were intersected. This prompted speculation as to the potential for other such systems hidden beneath transported overburden within the Upper Edie Creek Valley. The maar breccias in EDD015 are similar to those exposed 200m upstream in Edie Creek and near the plant site, which suggests that these maar sediments may be more extensive than currently established.

The focus on potential bulk tonnage exploration targets, reinforced somewhat by the intersection of diatreme breccias in drillhole EDD 015, has prompted an interest in the topography of the Upper Edie Creek Valley.

In EDD 015 veining and brecciation dip at between 70 and 50 degrees to the SW, in a similar manner to the main Edie Lode system. A stockwork of low sulphidation partly brecciated and rehealed quartz – carbonate veining extends from 199.0m to 260.6m with massive vein (~100%) in the section 210.6m to 223.0m, then 20% vein from 223.0m to 231.0m and another massive vein from 260.1m to 260.6m.

A summary of EDD015 is as follows:

96 – 97m	Diatreme breccia	1m	1.78g/t Au
98 – 99m	Brecciated porphyry	1m	1.17g/t Au
199 – 210m	Vein stockwork	11m	0.18g/t Au
210 – 223m	Massive vein	13m	0.26g/t Au
223 – 231m	Vein (20%)	8m	0.17g/t Au
231 – 260m	Vein stockwork	29m	0.36g/t Au
260 – 261m	Massive vein	1m	0.28g/t Au

The low gold tenor of this impressive vein and stockwork zone remains unexplained.

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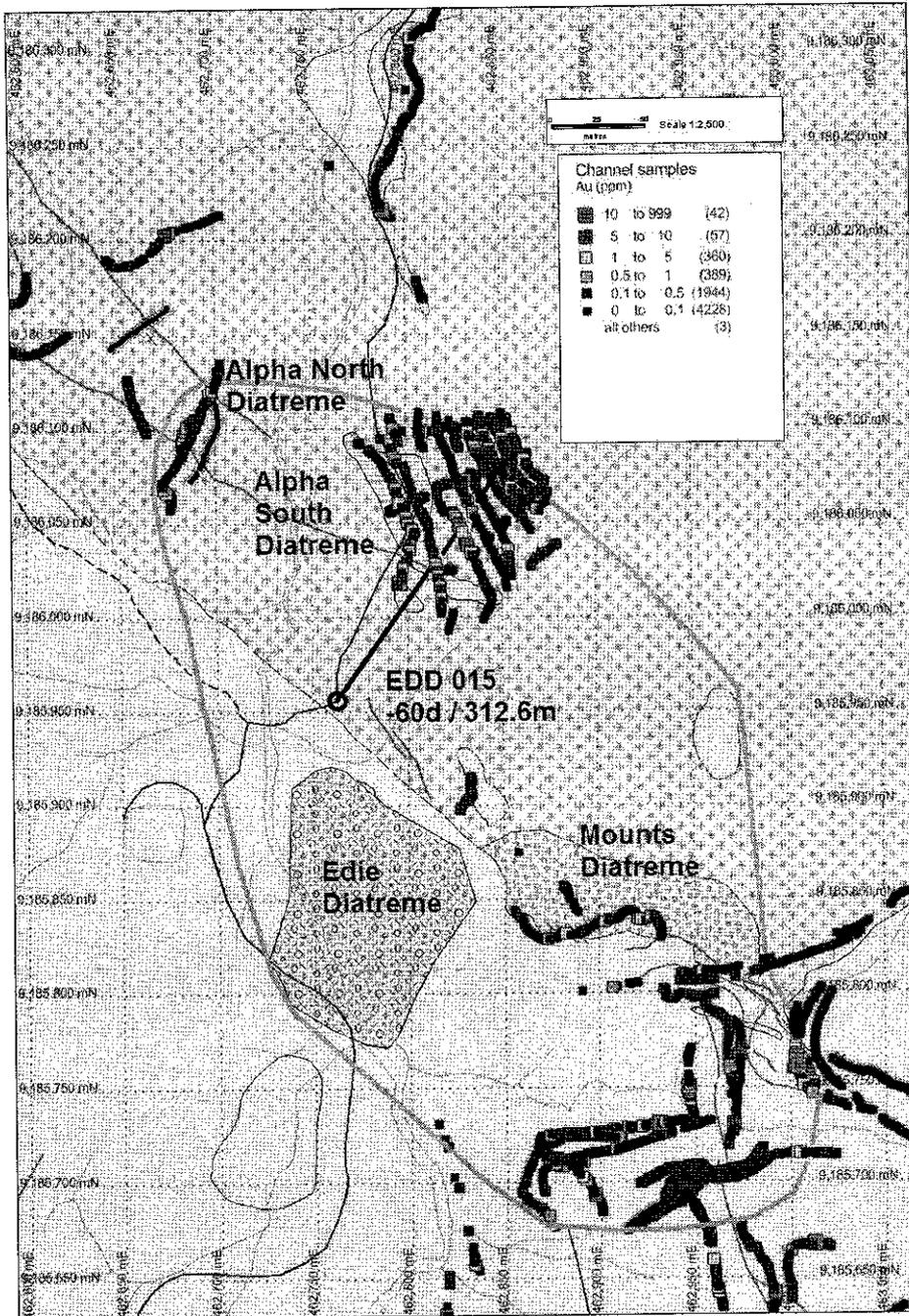


Figure 6: Outline in green of Edie Diatreme with 4 diatreme breccia “fingers”, continuous chip trench and bench samples & proposed drillhole EDD015.

With Stage 1 now completed the drilling program is currently being reviewed along with all other options for the future of our Edie Creek Mining Leases.

## **RIGHTS ISSUE**

Niuminco Group Limited announces it will be conducting a renounceable pro-rata rights issue at an issue price of \$0.01 for each new ordinary share on the basis of one new share for every four shares held on the record date, to raise up to the sum of \$924,844. The company will issue a maximum number of 92,484,413 shares.

The offer will not be underwritten, and the timetable will be announced once the Offer Document and related documents are released to ASX. The Company will shortly commence preparation of the Offer Document, which will contain or refer to material information relevant to whether shareholders should take up their entitlement, including information relating to any transaction that may occur between Niuminco and TNT.

## **EXPENDITURE**

The Board and Management have implemented a number of initiatives to reduce the cash costs incurred by the Group. These include the laying off and reduction in working hours of our PNG staff, the disposal of surplus plant and equipment, relocation of offices in PNG to reduce rental and associated costs and reduce cash payments of directors' fees

## **BOARD CHANGES**

The Company announces the resignation of Mr Andrew Davis and Mr David Fuller as Directors of Niuminco Group Limited and its subsidiary companies.

The Directors and Management of the Group take this opportunity to thank Mr Davis and Mr Fuller them for their valuable contribution to the Group.

Mark Ohlsson  
Company Secretary

The information in this report that relates to exploration results is based on Information reviewed by Ian Plimer (BSc [Hons], PhD) who is a Fellow of the Australasian Institute of Mining and Metallurgy. Professor Plimer is a director of Niuminco Group Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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**Three Agreements have been signed between the Company and TNT Mines Limited - a Summary of each Agreement follows**

### **CONFIDENTIALITY AND EXCLUSIVITY AGREEMENT**

Niuminco Group Limited ("Niuminco") and TNT Mines Limited ("TNT") have agreed to disclose to each other certain Confidential Information relating to their business activities, for the purpose of due diligence to be performed by them with respect to each other, and the negotiation and performance of a Subscription and Implementation Deed between the parties. The companies have agreed to protect the confidentiality of the information.

The Agreement excludes information which is already available to the other party or becomes generally available to the public. It also excludes any information which is required to be made public by Niuminco to comply with the Rules of the Australian Securities Exchange

TNT must ensure that no-one with access to the Confidential Information does anything that results or could result in breaches of any Insider Trading Laws in relation to securities of Niuminco.

The parties also agree on an exclusivity period of 20 days (extended to allow completion of any transaction that the parties may agree) during which time TNT would not solicit or encourage any negotiations with other parties involving an acquisition of more than 20% of the ordinary shares of TNT, or of its business or a substantial part of its assets. The exclusivity undertaking by TNT is subject to the usual "fiduciary out". Niuminco is granted a right to match any permitted third party proposal for a transaction with TNT

### **MANAGEMENT AGREEMENT**

Niuminco and TNT have agreed that Niuminco will manage the business of TNT in the event that a mutually acceptable transaction occurs which results in Niuminco holding not less than 51% of the issued capital of TNT and thereafter, for so long as Niuminco holds not less than 51% of TNT's issued capital. The parties have also agreed that Niuminco will nominate a Director to the Board of TNT.

Under the Management Agreement Niuminco will provide management services including development of business plans, managing the business, capital requirements, financial management including all accounting and reporting requirements. The services do not include negotiation of any transaction between Niuminco and TNT, or any legal proceedings involving TNT, which remain the responsibility of TNT.

Under the Management Agreement Niuminco will provide monthly reports to the TNT Board. A management fee of \$15,000 per month will be payable together with out-of-pocket expenses both being accrued and paid out of available cash resources. The agreement contains provisions for termination and dispute resolution typical for this type of agreement

### **SUBSCRIPTION AND IMPLEMENTATION DEED**

Niuminco and TNT have agreed that Niuminco will issue 21,908,250 ordinary shares to acquire 21,908,250 ordinary shares in the issued capital of TNT which will represent 19.9% and 5.92% respectively of the diluted issued capital of TNT and Niuminco.

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Niuminco and TNT have also agreed that they will undertake negotiations for a mutually beneficial transaction which could take the form of a joint venture, a merger to be implemented by way of a scheme of arrangement or by way of a takeover offer or by way of such other transaction or transactions as the parties may agree ("Transaction").

From the date of this Announcement, the parties agree to undertake negotiations in good faith for a Transaction.

Each party must notify the other within 2 business days whether or not it is satisfied with the outcome of its due diligence.

The obligations of the parties implement any Transaction are subject to a number of conditions precedent; including:

- (a) each party being satisfied with the outcome of its due diligence;
- (b) the parties having agreed to effect the Transaction;
- (c) each party having notified the other that it has, or it can raise, sufficient funding to meet its share of the expenses in completing any Transaction and to meet its working capital requirements, and that following the completion of any Transaction the merged entity will have or will be able to raise adequate working capital;
- (d) the directors of TNT each having stated that they unanimously support the Transaction, subject to the usual "fiduciary out"; and
- (e) Niuminco having satisfied itself that it is not obliged to seek shareholder approval to the Transaction or such approval has been obtained.

Each party makes representations and warranties to the other which are usual for transactions of this type, including:

- (a) it, and each of its subsidiaries, is validly existing and is in good standing;
- (b) it has or will take all necessary corporate action to authorise the performance and to carry out the transactions contemplated by the Deed;
- (c) neither the execution or performance by it of the Deed nor any transaction contemplated under the Deed will breach or accelerate the obligations of it or of any of its subsidiaries; and
- (d) so far as it is aware all information provided by or on its behalf during the course of negotiations in relation to any Transaction is complete, accurate and not misleading in any material respect.

If any director of either Party publicly states that he does not support any Transaction, and that Transaction does not complete other than in circumstances where the relevant party is entitled to terminate the Deed, or an independent expert appointed by TNT gives an opinion that the Transaction is both not fair and not reasonable for TNT's shareholders, then the relevant party must pay to the other party a break fee of \$100,000.

The Subscription and Implementation Deed contains provisions for termination and dispute resolution typical for this type of Deed.

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