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5 September, 2014

ASX Release,
By e-lodgement

AusAmerican to acquire high grade DSO operating mine and major copper development project

- **Exclusive Option to purchase high grade direct shipping ore ("DSO") operating mine and major copper development project in the Republic of Congo ("ROC")**
- **Ground holding of 372km^2 with granted mining permits encompassing numerous historic mines and advanced exploration prospects**
- **The two main projects have valid exploitation permits until 2036 with one of the projects currently in production**
- **Moubiri project is a high grade, cash flow positive underground Cu/Pb/Zn DSO operation currently in production**
- **Most recent shipment of ore graded:**
  - **6.3% Cu**
  - **23.1% Pb**
  - **25.2% Zn**
- **2,500 tonne Stockpile of Moubiri DSO at site ready to sell CIF**
- **Mindouli copper project**
  - **Foreign resource estimate and extensive technical work**
- **AusAmerican is in discussions with a number of parties to provide US$60 million debt off take funding package.**

Copper and gold focused resource company AusAmerican Mining Limited (ASX: AIW) ("AusAmerican" or "the company") is pleased to report that it has entered into a binding term sheet for an exclusive option to acquire a 77.58% interest Shenglong International Investment Limited ("Shenglong"), a BVI company that is engaged in exploration and production of copper, lead and zinc in the Republic of Congo ("ROC"). Further details of the option are set out elsewhere in this announcement.

Shenglong owns 100% of a Congolese company called Societe Lulu De Mine which holds 90% of two Polymetalic exploitation permits titled M'Passa-Moubiri and Mindouli under which rights are granted over a total of 372km^2. The exploitation permits are valid until 2036. The other 10% of the projects are owned by the Congolese Government.

"This acquisition together with discussions on acquisition and development funding represents a transformative milestone for the company" Executive Chairman, Mr Peter Landau said. "The Moubiri project is a Cu/Pb/Zn DSO asset currently in production. We believe we can ramp up production in the short term to provide significant cash flow margins for the company. Mindouli is a development project with significant exploration and feasibility work undertaken to date and,

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importantly, a clear path forward to establish the next stage forward for development. We believe this opportunity represents outstanding value to current and prospective shareholders".

Unique asset package

The M'Passa-Moubiri and Mindouli exploitation assets that AIW is purchasing are high grade copper and base metal assets located in the Republic of the Congo (see figure 1).

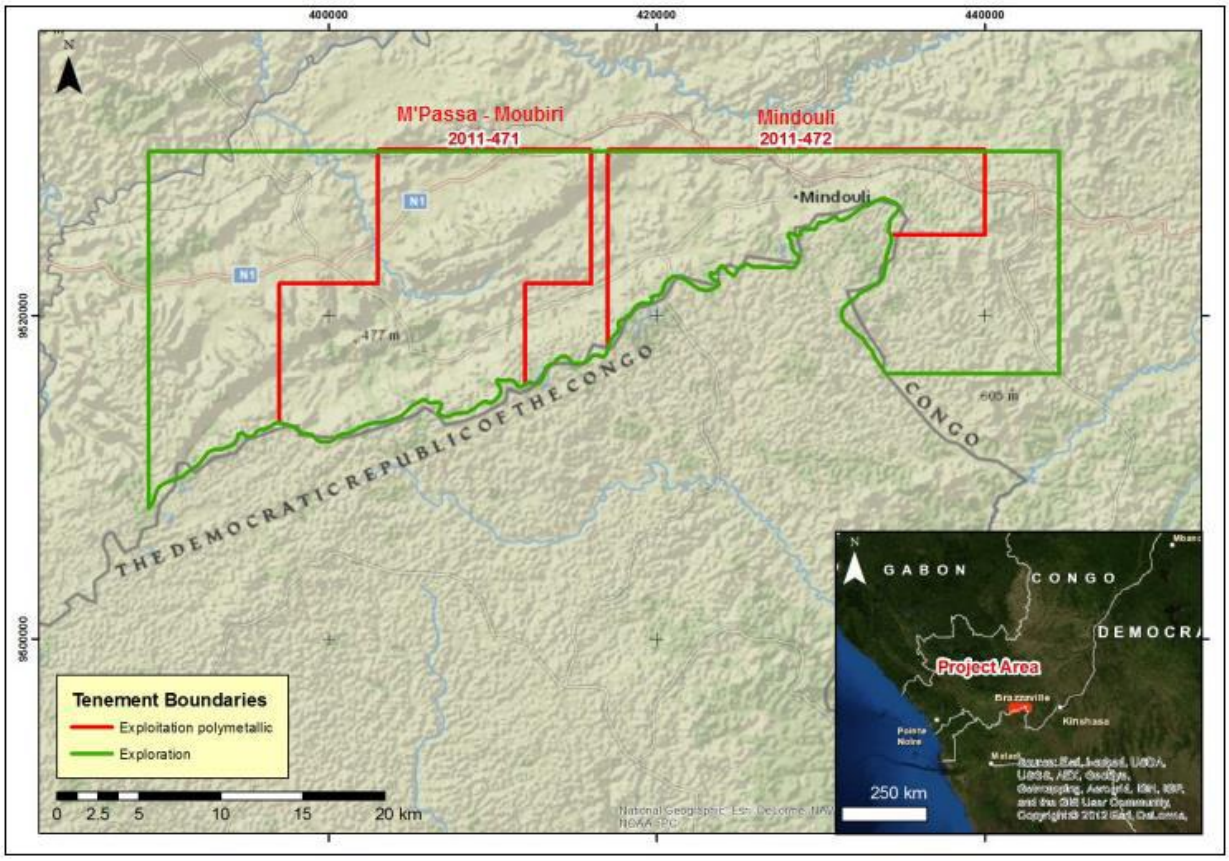


Figure 1 Exploration and Exploitation Licenses

Moubiri – High Grade DSO Operation

The Moubiri project is a structurally controlled Cu/Pb/Zn ore body. Mineralisation is of a direct shipping ("DSO") quality. Shenglong International currently operate an underground mine which is producing ore at a rate of approximately 50 tonnes per day (tpd). An example of the DSO material is shown in figure 3.

Two DSO shipments have been completed and delivered to customers in China. The most recent 1,100 tonne shipment returned the following assayed content in line with the grades of the first shipment:

- 6.3% Cu
- 23.1% Pb
- 25.2% Zn

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Analysis of the vendor's historical operating costs indicates that the cost per ton of ore delivered to China is US$150. The revenue generated by each tonne of ore is presently approximately US$625 per tonne, producing a significant margin per tonne.



Figure 3: Core at Moubiri showing DSO massive lead zinc mineralisation with copper

Moubiri Work Completed and Exploration Target

Shenglong have completed the following exploration work on the project:

- surface geological mapping & sampling,
- 16 diamond core drill holes
- 4 surface trenches
- underground exploration adit and mine development

No drill holes have been assayed as mineralisation is assessed visually for mine planning purposes. Assaying of the drill holes can be done immediately and this is a priority of the company once work commences at the project.

The exploration target at the Moubiri project is 400,000 tonnes to 800,000 tonnes at 4%-6% copper and 30% to 50% combined lead/zinc. This exploration target is based on a review of work undertaken by Shenglong and a site visit completed by AusAmerican. The exploration target is based upon the assumption that mineralisation is 2 to 3 metres wide and is known to occur over a strike length of at 150 to 200 metres and to a depth of at least 200 m below the surface. These

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dimensions are supported by underground exposure of the ore body, surface geological mapping and the geological logs for 16 diamond drill holes.

The potential quantity and grade is conceptual in nature. There has been insufficient exploration drilling to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company has not itself completed any assaying; the grade ranges quoted in the exploration target are based upon independent 3rd party assay results for DSO shipments. The tonnages are estimated by multiplying the approximate dimensions of the deposit by specific gravity determined by comparable deposits. The range of tonnages were generated by a +/- 33% sensitivity.

AusAmerican has commenced a 2 month work program to validate the assumptions used to generate the exploration target, the work program will include:

- geological mapping and sampling of the existing underground exposures of the ore body
- surface geological mapping and geochemical sampling
- geological logging and sampling of the existing 16 drill holes.

Mindouli Copper Project – Significant Copper Project Opportunity

The Mindouli project is a large, high grade sandstone and limestone hosted copper deposit (see figure 4 and 5). High grade mineralisation occurs over a strike length of at least 1.2 kilometres. Mining records show that a French company extracted 47,000t @ 19% copper during the early 1900's.

The project has been subject to a number of phases of exploration, both surface and underground. Initially the project was explored and drilled by the BGRM in the 1950's and further explored by the Bulgarian geological survey in the 1970's. AusAmerican possess incomplete records of this exploration and is currently compiling the information.

Modern exploration has been undertaken by Shenglong International between 2009 and 2013. The company has completed surface mapping & sampling, 16 drill holes, 9 trenches and underground sampling.

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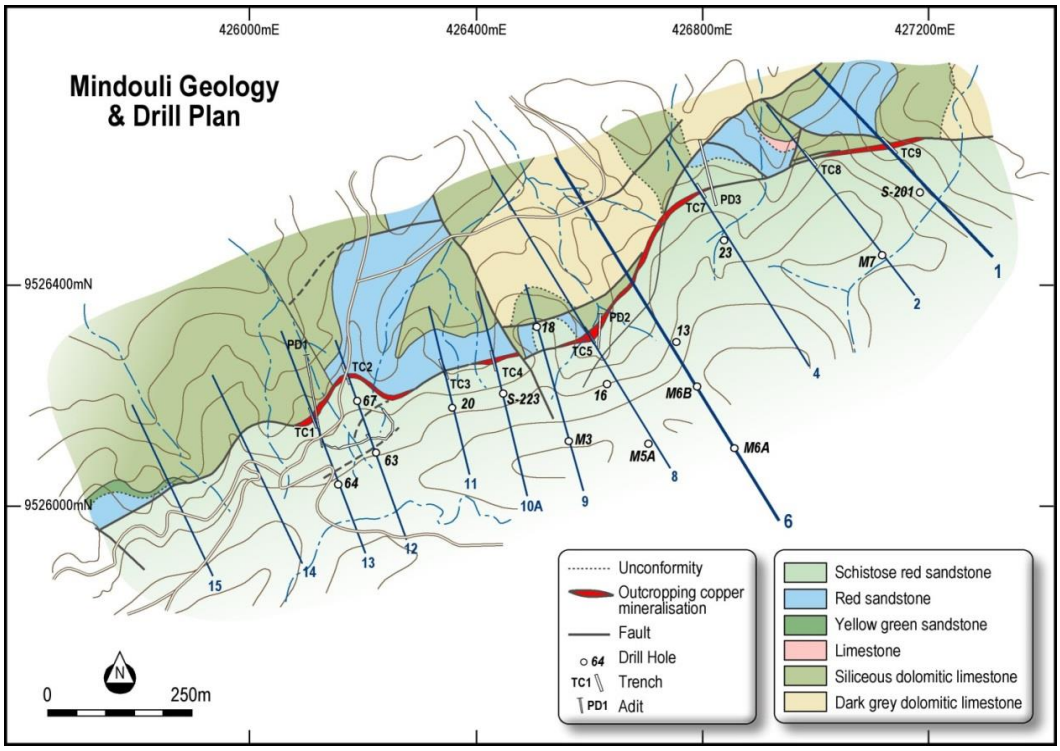


Figure 4: Mindouli Geology Plan



Figure 5: Outcropping brecciated limestone hosted copper mineralisation (chalcocite and malachite)

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A non JORC compliant foreign resource estimation was completed in 2011 by an Independent Chinese Consulting Company and this was used as basis for a feasibility study. AusAmerican has done limited work to ascertain the reliability of the foreign estimate and the drilling results completed to date. The Company has commenced a significant due diligence work program with management and technical consultants now on site working with Shenglong. The comprehensive due diligence program will comprise of twinning all historical drill holes, geological mapping and sampling of historical trenches and underground mapping/sampling, with an aim to confirm previous work undertaken including the non JORC resource estimate.

The exploration target at the Mindouli copper project is 15 to 30 million tonnes at 3% to 5% Cu. The exploration target is based upon the assumption that mineralisation is at least 1.2km in strike length. The dimensions are supported by underground exposure of the ore body, surface geological mapping, surface trenching and diamond drill holes as reported and referenced in the 2011 Independent Report.

The potential quantity and grade is conceptual in nature. There has been insufficient exploration drilling to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target is reported in accordance with Clause 17 of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)(JORC Code).

Other Project Areas

The projects contain several other advance exploration projects including:

Project Area	Description
M'Passa	• Largest and most significant of all historical mining site. • Located over and between two wedge-forming fault zones. Field observations indicate that ore-bearing formations are substantially thicker within the wedge, which are rich in Pb-Zn. The ore is Fe-Cu rich within the fault zones. • Exploration work done includes surface mapping, grab and soil sampling, geophysical and geochemical survey and 8 drill holes.
Tchicoomba	• Located along the fault zone on the northern arm of the anticline

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	• Exploration work done includes mapping, stream sediment sampling, grab sampling and geophysical survey
Makala	• Exploration work of geochemical and geophysical studies, geological mapping, cross-fault channel sampling, soil and grab sampling, geophysical ground surveys and 2 drill holes
Mimbodi	• Historical mining site • Exploration work done includes geophysical survey, geochemical prospecting, trenches, and 38 drill holes
Diangala	• Located on the southern edge of the anticline • Exploration work includes geological mapping, 18 drill holes and adits

Project Financing

The company is in discussions with several international trading commodity houses regarding the provision of a US$60 million copper/lead/zinc prepayment facility to AusAmerican to fund the purchase of the assets. Discussions have involved the company providing an exclusive off take agreement for the life of the Moubiri mine in return for providing the company with a pre-payment off take loan of US$60 million. There is no guarantee that the company will be able to secure project financing on favourable terms or at all.

The US$60 million would fund the initial acquisition payment to the vendor of the project (US$49 million) and provide US$11 million in working capital for the company. The working capital will be used to seek to ramp up production at the Moubiri mine as well as to advance the Mindouli project to final feasibility study stage.

The company intends to fund the remaining consideration required to complete the last milestone payments of the transaction from the cash flow from this project.

Should the company be unable to raise the initial US$49 million to pay the vendor for the first instalment milestone payment (see point 2 below in timing of payments in section headed Details of the Transaction) the transaction will not proceed.

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Details of the Transaction

AusAmerican has entered into a binding terms of agreement to purchase 77.58% of Shenglong International Investment Limited ("Shenglong"), a BVI company that is engaged in exploration and exploitation of copper ore and other minerals in the Republic of Congo ("ROC"), from Mr Zou De Lin ("vendor") . Shenglong owns a Congolese company called Societe Lulu De Mine which holds a 90% interest in two Polymetalic exploitation permits titled Moubiri and Mindouli. The Government of the ROC hold the other 10%. The exploitation permits are valid until 2036.

AIW have entered into an agreement with the vendor to purchase 77.58% of Shenglong by paying three instalments totalling US$103.44 million to the vendor over a 2 year period commencing in August 2014.

The timing and terms of the payments are as such;

1) Deposit of exclusive option fee of US$1 million.
2) Payment of US$49 million by 31 October 2014 (at this stage the company receives 54.3% of Shenglong and 70% of all project revenues). The Company proposes to pay this through a pre-paid off take debt facility discussed above.
3) US$22.4 million on or before 31 October 2015 on provision of a feasibility study for the Moubiri Project that demonstrates an economically feasible operation producing 500 tonnes per day of direct shipping ore grading approximately 30% Cu/Pb/Zn equivalent with a minimum mine life of four (4) years.
4) Payment of US$31.04 million for the remaining 23.28% interest in Shenglong on or before 31 October 2016 on provision of a feasibility study for the Mindouli project that demonstrates an economically feasible operation producing approximately 20,000 tonnes of copper per annum for a minimum of five (5) years.

The Company proposes to fund the payment of 3) and 4) above from cash flow from the production at the Moubiri high grade DSO mine.

At the conclusion of this agreement the ownership of the projects will be as follows;

AIW:	70%
Vendor:	20%
ROC Government:	10%

The agreement is conditional upon:

(a) Signing of a formal sale and purchase agreement;
(b) Completion of due diligence with results satisfactory to the Company and the vendor;
(c) Representations and warranties in the formal agreement being correct at signing and closing of the transaction;

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(d) The company obtaining all requisite shareholder, regulatory and ASX approvals to the transaction.

There are no other conditions precedent to the acquisition.

Chapter 11, shareholder approval and indicative timetable

The Company's proposed acquisition of Shenglong will involve a significant change to the scale of the Company's activities, which requires the approval of Shareholders under Chapter 11 of the Listing Rules. The requisite Shareholder approval will be sought at a general meeting of the Company to be held prior to 31 October 2014. The Company is aware there may be additional requirements pursuant to Chapter 11 of the Listing Rules, including re-complying with Chapters 1 and 2 of the Listing Rules and will comply with these where necessary.

In the event that the company is required to re-comply with Chapters 1 and 2 of the Listing rules, the following time table will need to be followed. It should be noted that this re-compliance would be deemed necessary because of change of scale of the company's activities due to the size and scale of the new projects being purchased by the company under the terms of the proposed transaction.

Included in the proposed re-compliance would be a possible capital raising under a prospectus; the purpose of this possible capital raising would be to provide shareholder spread for compliance reasons not for funding purposes as the company intends to raise US$60 million by way of a pre-paid debt facility which would include payment of the initial US$49 million to the vendor as well as providing the company with a US$11 million working capital facility. The amount of the possible capital raising will depend on the requirements which the Company must fulfil to satisfy the ASX Listing Rules.

Proposed timetable

• Announcement of Transaction to ASX	Friday 5 September 2014
• Transaction completion due diligence undertaken	August/September 2014
• Payment of Deposit	On or before 31 August 2014
• Lodge Notice of Meeting with ASX for review	12 September 2014
• Despatch Notice of Meeting seeking approval of Transaction	15 September 2014
• Lodgement of Prospectus with ASIC (7 day exposure period)	
• Opening of Offer under the Prospectus	22 September 2014
• Suspension of the Company's securities from trading on ASX	22 October 2014
• General Meeting to approve Change in Nature and Scale of Activities and consolidation of shares	22 October 2014
• Date that would ordinarily be the last day for trading in pre-consolidation securities	22 October 2014

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• Date that securities would ordinarily commence trading on a deferred settlement (post-consolidation) basis	26 October 2014
• Closing Date of Offer under the possible Capital Raising	26 October 2014
• Last day for the Company to send new holding statements and enter securities into the holders' security holdings	31 October 2014
• Completion of possible Capital Raising and issue of securities under the Capital Raising	31 October 2014
• Anticipated date the suspension of trading is lifted and the Company's securities commence trading again on ASX	3 November 2014

Pro forma balance sheet 31 October 2014

Current assets	**30 June 2014**	**31 October 2014**
Cash and cash equivalents	$290, 240	$11,546,191
Trade and other receivables	$84,469	$44,814
Other financial assets	$26,927	$26,927
Total Current assets	**$401,636**	**$11,617,932**
Non-Current assets		
Plant & equipment	$89,442	$89,442
Exploration and evaluation expenditure	$3,946,656	$52,946,656
Total Non-Current assets	**$4,036,098**	**$53,036,098**
TOTAL ASSETS	**$4,437,734**	**$64,654,030**
Current Liabilities		
Trade and other payables	$529,912	$244,236
Employee provisions	$226,334	$184,017
Loans and Borrowings	$675,180	$0

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Total Current Liabilities	**$1,431,426**	**$428,253**
Non-Current liabilities		
Loans and Borrowings	$0	$60,000,000
Deferred Tax liabilities	$313,773	$313,773
Total Non-Current Liabilities	$313,773	$60,313,773
TOTAL LIABILITIES	**$1,745,199**	**$60,742,026**
NET ASSETS	**$2,692,535**	**$3,912,004**
EQUITY		
Issued capital	$57,367,874	$59,567,874
Reserves	$4,296,542	$4,296,542
Retained losses	($58,971,881)	($59,952,412)
TOTAL EQUITY	**$2,692,535**	**$3,912,004**

New Board appointment

The company is delighted to announce that Mr Vinod Sharma will join the company as a Director; effective immediately.

Mr Sharma has been a Management Consultant and CFO for over 20 years and has had significant experience in the Insurance, Banking, Retail, Construction, Waste Management, logistics, Marketing and Electricity industry in both Australian and abroad. Mr Sharma has a MBA from Deakin University and is a CPA.

The company also announces the resignation of Director Mr Justyn Peters effective immediately.

Reinstatement and continuous disclosure

The company, as a result of this announcement, request immediate reinstatement to trading on the ASX. The company confirms that it is in compliance with its continuous disclosure requirements.

Sincerely,

Jim Malone
Company Secretary/ CFO

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The information in this document that relates to Exploration Targets is based on information compiled by Richard Holmes, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Holmes is a full-time employee of AusAmerican Mining and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Holmes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

About AusAmerican Mining

AusAmerican Mining is a multi-commodity international exploration company led by a proven technical team that is focused on discovering and defining high-quality projects featuring strong grades, meaningful size and mining-friendly addresses.

The company's current copper/gold projects are:

- Muda River (option to earn in 40% and increase to 70%)- Mozambique
- Bluebell (option to purchase 100%) - Arizona
- De Soto (option to purchase 100%) - Arizona
- San Marcos (100%, Pelican Resources earning up to 100%) - Arizona

The company's uranium projects are:

- Rio Puerco (100%) - New Mexico
- Lone Star JV (90%) – Texas

ENDS

For further information, please contact:
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