

ASX Code: AOU

**Securities on Issue as at
24 May 2016:**

75,347,145 fully paid ordinary shares
(quoted)
4,000,000 options exercisable at \$0.15
expiring 18/7/2016
300,000 options exercisable at \$0.10
expiring 17/03/2018
1,000,000 options exercisable at \$0.10
expiring 23/10/2018
13,844,650 options exercisable at
\$0.20 expiring 23/10/2018
5,434,122 options exercisable at \$0.08
expiring 31/12/2018

Directors

Glenn Whiddon
Executive Chairman
Nicholas Ong
Non-Executive Director
Matthew Foy
Non-Executive Director

Management

Dr. Andrew Tunks
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Hombolo Lithium Project Acquired in Tanzania

Highlights

- **Auroch secures the Hombolo Lithium Project in Tanzania**
- **Hombolo Lithium Project is in an area of historic lithium occurrences and recent activity by ASX listed Lontown Resources Ltd (ASX:LTR) has confirmed significant Li-Ta grades in sampling**
- **Auroch geologists have been on the ground and mapped and sampled pegmatites with abundant Lepidolite and Spodumene - lithium bearing minerals**
- **Field work on the project will commence in June 2016**
- **AOU well-funded with A\$10.7 million in cash, marketable securities and receivables**

Auroch Minerals Ltd (ASX:AOU) (**Auroch** or the **Company**) is pleased to announce its acquisition of the Hombolo Lithium Project in Tanzania. The growth of the Auroch portfolio represents an exciting new period for Auroch, which has made the strategic decision to couple its gold expertise with opportunities in the lithium - tantalum sector due to the strong outlook for lithium from the burgeoning battery market.

As part of its due diligence Auroch has had a senior geologist on site for 10 days of mapping and sampling. This review has confirmed the presence of numerous outcropping, lithium bearing pegmatites within the project area.

Hombolo Lithium Project - Tenure

The Hombolo Lithium Project is approximately 40km north east of the Tanzanian capital Dodoma (**Figure 1**). The project area is adjacent to the Lontown Resources Ltd (ASX:LTR) Mohanga Lithium-Tantalum Project where Lontown has recently announced grades up to 5.2% Li₂O and 0.11% Ta in pegmatites that intrude the regional metamorphic basement rocks (refer LTR announcement 18/12/2015).

Auroch has secured the rights to the Hombolo Lithium Project through a deal to acquire a ground package that comprises over 1,700 km² including two approved prospecting licences (**PLs**) immediately adjacent to known mineralisation, 8 regional prospecting licences still in application (**PLAs**) and 3 granted primary mining licences (**PMLs**) and 8 applications for primary mining licences (together the **PMLs**) that are part of an excision within the Lontown Project. A complete table of all licences is provided in Appendix 1.

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Figure 1. Location Map for the Hombolo Lithium Project in Tanzania

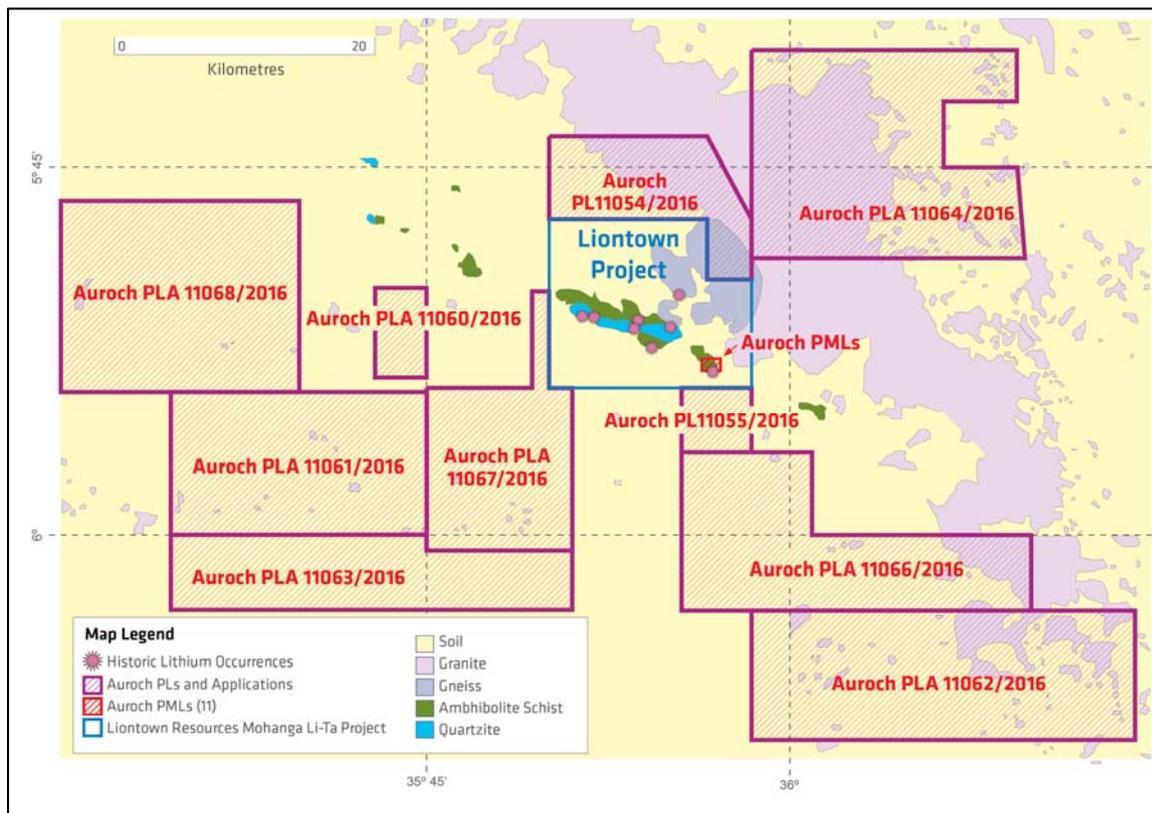


Figure 2. Location Map of Licences within Hombolo Lithium Project in Tanzania in relation to historically documented Li occurrences and the Liantown Mahenge Li-Ta project. Licences included in this acquisition cross hatched.

Hombolo Lithium Project – Geology

Several historical occurrences of Li-Ta bearing pegmatites are recorded on the project. The underlying geology is a mixed sequence of high-grade metamorphic rocks intruded by several granites. Pegmatites are common throughout the area and represent a late stage intrusive rock related to the emplacement of the nearby granites. A strong structural grain is present in the metamorphic host rocks trending NW and this appears to control the emplacement of the pegmatitic dykes.

Locally, lithium can be found in two minerals that occur within the pegmatites; **lepidolite** $[K(Li,Al,Rb)_3(Al,Si)_4O_{10}(F,OH)_2]$ a lithium bearing mica and **spodumene** $[LiAl(SiO_3)_2]$ a lithium bearing pyroxene.

Spodumene has several gem quality varieties and a small artisanal gemstone mine within the project has previously exploited this opportunity. Importantly the pits left by the gem miners allows direct sampling of the pegmatites and Company geologists have collected over 60 samples for initial whole rock assay which will document the levels of important elements such as: lithium, tantalum and potentially other rare earth elements. Results will be reported to the market when received from the laboratory.

Auroch will commence field operations in June with initial planned exploration activities to include trenching, mapping and sampling of the pegmatites and soil sampling.



Figure 3. Photo of pegmatitic intrusives with abundant lepidolite (lilac micaceous mineral) intergrown with quartz and feldspar collected from the “old workings” on PML 004796/CZ

Current Financial Position

The Company is well funded with **A\$10.7 million in cash, marketable securities and receivables**. As at 23 May 2016, the cash position totalled A\$3.5 million and the value of shares in Xtract Resources plc totalled A\$3.7 million¹. In late June 2016, a further payment of ~A\$3.45² million is due from Xtract Resources plc, composed of a minimum cash amount of A\$1.75 million and further shares in A\$1.65 million (note AOU can elect to receive this payment in cash).

¹ Based on an XTR share price of £0.0019 per XTR share

² Assumes 1 US Dollar equals 1.384 Australian Dollars

Hombolo Lithium Project – Acquisition Terms

The Hombolo project comprises over 21 licences and applications covering over 1,700 km² (see Appendix 1).

Auroch has entered into a conditional agreement to acquire an Australian company that through a Tanzanian subsidiary owns or has the right to 100% of these tenements for the following consideration:

- Initial payment of a non-refundable deposit of \$75,000 (paid);
- 950,000 ordinary shares upon signing of a binding agreement – to be issued within 2 days;
- Upon shareholder approval of the transaction, which it to be obtained no later than July 18, 2016:
 - \$75,000 cash;
 - 2,050,000 ordinary shares
 - 3 million options exercisable at \$0.20 on or before 23 October 2018;
- Additional equity milestone payments. It should be noted that should Auroch elect not to proceed, then the project can be returned to the Sellers and Auroch is not required to issue any shares as outlined below other than those that have vested as a result of time hurdles being met:
 - 12 Months following Completion: 1,500,000 AOU shares;
 - 24 Months following Completion: 2,000,000 AOU shares;
 - 36 Months following Completion: 2,500,000 AOU shares; and
- Completion of the acquisition is conditional on a number of conditions including:
 - Auroch obtaining shareholder approval of the shares and options to be issued at completion;
 - Auroch completing financial, technical and legal due diligence on the Project; and
 - the grant of prospecting licences PL11054/2016 and PL11055/2016 and all of the PMLs listed in Appendix 1, that have not already been granted.The conditions must be satisfied or waived by 18 July 2016.

Further Acquisition details are presented in Appendix 2.

Hombolo Lithium Project – Chairman's Comments

Glenn Whiddon Executive Chairman of Auroch spoke of the opportunity: *"We are excited to be committing to the Lithium space during this period of massive technological change. Auroch has made a strategic decision to focus a portion of the funds it has received from the sale of the Manica Gold project in Mozambique towards this sector and is completing due diligence on several other projects worldwide. Our goal is to develop a portfolio of assets from grassroots to advanced, across several geographical and political jurisdictions to take advantage of the burgeoning battery market and to provide portfolio diversity to minimise risk to shareholders."*

For further information, please visit www.aurochminerals.com or contact:

Auroch Minerals Ltd

Dr Andrew J. Tunks

Chief Executive Officer

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Appendix 1

Number	Licence Type	Status	Applicant Name	Area Sq.Km
PL 11054/2016	Prospecting	Application Recommended	Hombolo Minerals Ltd	101.89
PL 11055/2016	Prospecting	Application Recommended	Hombolo Minerals Ltd	27.19
PL 11060/2016	Prospecting	Application	Hombolo Minerals Ltd	26.01
PL 11061/2016	Prospecting	Application	Hombolo Minerals Ltd	219.97
PL 11062/2016	Prospecting	Application	Hombolo Minerals Ltd	288.11
PL 11063/2016	Prospecting	Application	Hombolo Minerals Ltd	164.69
PL 11064/2016	Prospecting	Application	Hombolo Minerals Ltd	298.74
PL 11066/2016	Prospecting	Application	Hombolo Minerals Ltd	227.24
PL 11067/2016	Prospecting	Application	Hombolo Minerals Ltd	147.24
PL 11068/2016	Prospecting	Application	Hombolo Minerals Ltd	266.13
PML 006258/CZ	Primary Mining	Granted-Active	L. H. Kabunga	0.07
PML 006259/CZ	Primary Mining	Application	L. H. Kabunga	0.07
PML 006260/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 006261/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 006262/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 006263/CZ	Primary Mining	Application	L. H. Kabunga	0.07
PML 006264/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 006265/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 006266/CZ	Primary Mining	Application	L. H. Kabunga	0.08
PML 000091/CZ	Primary Mining	Granted- Active	L. H. Kabunga	0.07
PML 004796/CZ	Primary Mining	Granted -Active	L. H. Kabunga	0.07

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Appendix 2

Other transaction terms:

- Reimbursement of project costs of USD\$120,000 in relation to the PMLs;
- Agreement for the Company to spend \$1.5 million on exploration and mining activities on the tenement package over 3 years from completion. However, the Company has the right to terminate the agreement at any time following completion and transfer the tenements back to the sellers for \$1 without any further liability (other than for payments relating to the tenements that are due at the date of withdrawal)
- \$500,000 upon granting of “permit to mine”.
- Grant of a 2% NSR Royalty to Vendor with the Company having an option, at its sole discretion, to purchase 1% for \$500,000.
- The parties involved with the acquisition have granted the Company a first right of refusal to acquire any licences or interests in licences (relating to any minerals) applied for or offered to any of those parties for a period of 2 years from completion;
- The key seller may:
 - nominate one director to the Board of the Tanzanian subsidiary being acquired by Auroch; and
 - at any time following a decision being made by Auroch to commence a bankable feasibility study, nominate one director to the board of Auroch, provided the proposed nominee meets the suitability requirements under the Corporations Act, and the key seller retains more than 50% of the shares to be issued to it under the agreement.

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