AUSTRALIAN MINES LIMITED

**5 APRIL 2017**

# Entitlement Offer raises $2 million – Funds construction of demonstration-scale processing plant for Sconi and Flemington

- **Eligible shareholders that applied for 'overs' to receive up to 124.4% of their Entitlement**
- **Final Due Diligence being conducted on throughput specifications of demonstration-scale High Pressure Acid Leach (HPAL) + Solvent Extraction (SX) processing plant**
- **HPAL – SX plant to produce commercial grade cobalt sulphate and nickel sulphate, as well as a premium scandium oxide product to shipment to a European car company**
- **Construction of the demonstration-scale processing anticipated to commence within three weeks, with the completed plant on-line in October 2017**

Australian Mines Limited ("Australian Mines" or "the Company") would like to advise that the Company's fully-underwritten Entitlement Offer (announced on 2 March 2017) closed on 31 March 2017 having received valid applications for a total of 176,853,513 shares.

The Company also received applications for additional shares and the Company is pleased to announce that these applicants will receive up to a total of 124.4% of their Entitlement, resulting in a total of 191,376,018 shares to be issued, or $1,531,008.14 being raised pre-underwriting. As such, the underwriting commitment will be $465,505.02 (being 58,188,127 Shares) resulting in a total issue of 249,564,145 shares or an amount raised, before costs, of approximately $2 million.

The funds raised through this strongly-supported Offer to shareholders are being directed, in part, to the construction of a demonstration-size High-Pressure Acid Leach (HPAL) and solvent extraction (SX) processing plant, which is expected to commence processing ore from the Sconi Cobalt-Nickel-Scandium project from November 2017.

Australian Mines is presently completing is due diligence on the proposed plant design and the Company anticipates awarding the contract in the coming weeks.

***ENDS***

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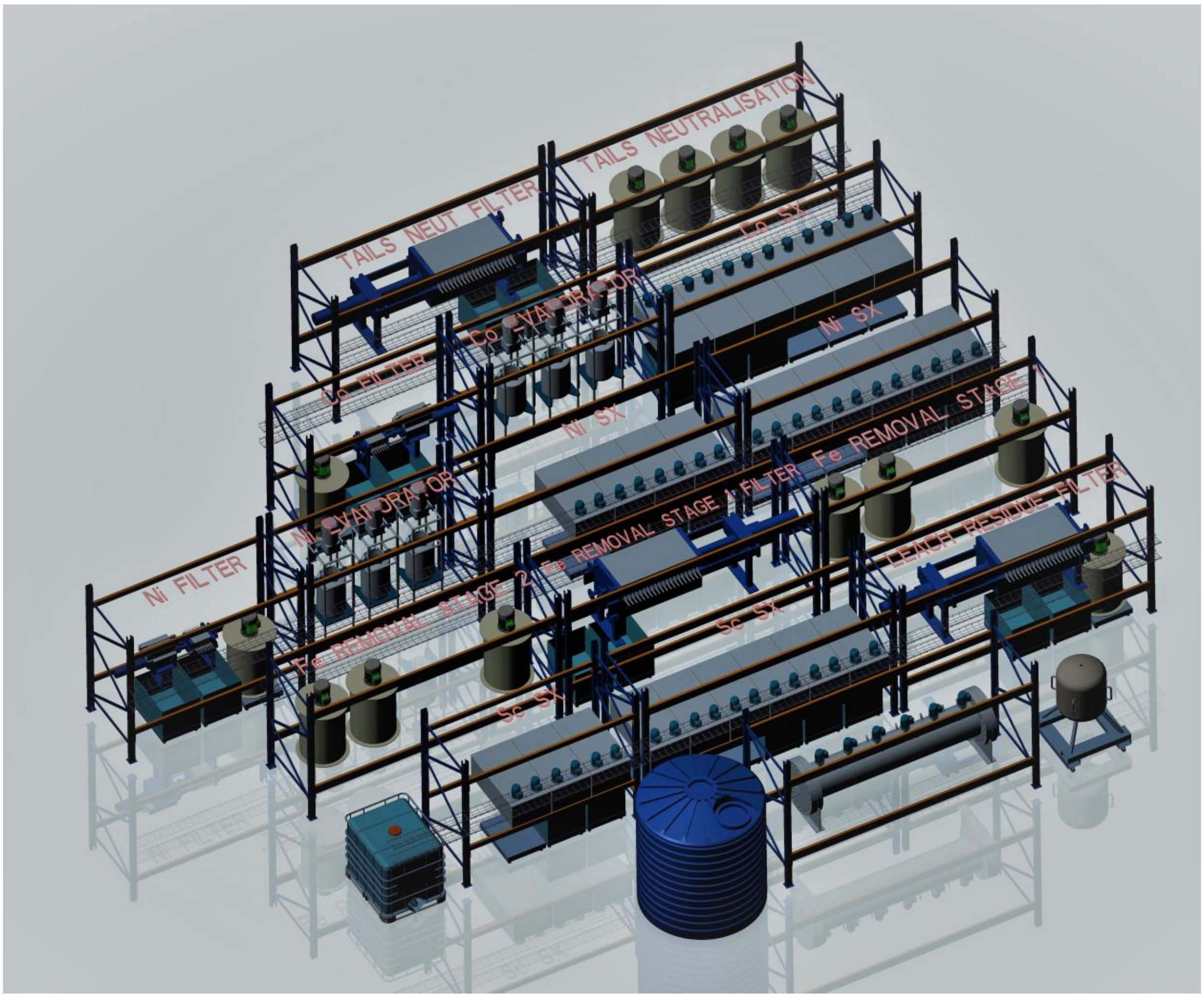


**Figure 1**: Indicative design of the High-Pressure Acid Leach (HPAL) and solvent extraction (SX) plant being funded from part of the money raised by the recently completed Entitlement Offer. This plant should be capable of processing approx. 2 tonnes of cobalt-nickel-scandium ore per day. For scale, the anticipated size of the plant is 25 metres by 25 metres.