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Chairman's address
2018 Annual General Meeting

Good morning and welcome to Australian Mines' 2018 AGM.

As you will be aware, the past year has been transformational for the Company, with the work done in the period culminating with the recent release of a Bankable Feasibility Study on the Sconi Project in North Queensland.

Although I am not intending to make the BFS results the focus of the AGM agenda, as we have a number of resolutions to work through this morning, please allow me to address the key points briefly before we move on.

The BFS results were very positive in my opinion and in-line with the Board and executive team's expectations.

The economic modelling in the study demonstrated the commercial viability of constructing and operating three open pits and a 2 million tonne per annum process plant at Sconi, over an initial project life of 18 years.

This proposed operation would generate average revenues from production of over half a billion dollars per year with an average annual EBITDA of around $300 million.

The BFS indicated average cobalt sulphate production of eight and a half thousand tonnes per annum and average nickel sulphate production of fifty-three thousand tonnes per annum.

Both of these numbers are within the acceptable range of our off-take agreement with Korean-based EV battery manufacturer SK Innovation, who have agreed to take 100% of the cobalt and nickel produced.

Shareholders should also note that the financial assumptions in the BFS use long-term commodity prices for nickel and cobalt as well as a conservative Australian dollar to US dollar exchange rate.

We set out on the journey to become a strategic partner in the global battery materials supply chain two years ago through the acquisition of the Sconi Project. We also acquired our Flemington Project in New South Wales at the same time.

In 2018, we successfully completed the acquisition of 100% ownership of both of these cobalt-nickel projects, which speaks to our confidence in them.

Being able to market 100% of the product from a future operation at Sconi was key to our successful off-take negotiations with SK innovation.

In terms of growth, we have been extremely encouraged by the results we have been seeing in the past couple of months from our extensional drilling across focus areas of Sconi.

The results to date are pointing towards an increase in the project's Mineral Resources for both cobalt and nickel, which we should be in a position to update in mid-2019.

Any update to the Mineral Resources would feed into a further optimisation study to extend the economic potential of Sconi in the longer term.

Sconi remains one of the most advanced cobalt projects in Australia and is undoubtedly the Company's flagship asset.

Flemington is around 18 months behind Sconi at present in terms of exploration studies and development planning, but our field team is looking forward to getting the drill rigs turning again at Flemington once the current campaign has concluded at Sconi.

We are also continuing to pursue future commercial opportunities for the scandium oxide to be produced from Sconi and have progressed two key global research and development partnerships during the period.

We have moved to the second phase of an R&D project with Metalysis in the UK, who we provided scandium oxide for use in their program evaluating simpler and more cost-effective ways to produce aluminium-scandium feedstock for alloy development.

A separate R&D agreement with the Amrita Centre in India has the potential to make a contribution to scandium-magnesium alloys being considered as a high-performance alternative for the next generation of nickel metal hydride batteries.

Finally, we have significantly grown our human resources and capability across the executive and management team during the past 12 months and I would like to thank all members of the team for their commitment to the growth and advancement of the Company.

I would like to give a very warm welcome to Marcus Hughes, our new CFO, who is here today and joins us from Fortescue. Marcus' broad range of experience will put us in good stead as we work on finalising project financing for Sconi.

I would also like to thank our shareholders for their continued support and look forward to you continuing with us on our journey.

ENDS

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