

1 October 2019

## Sconi Project Offtake Agreement with SK Innovation

Australian Mines Limited (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) refers to the offtake agreement between Australian Mines, its subsidiary Sconi Mining Operations Pty Ltd (“Sconi Mining Operations”) and SK Innovation, announced by the Company on 6 August 2019<sup>1</sup> (“Offtake Agreement”).

The Offtake Agreement was subject to two conditions precedent<sup>2</sup> to be satisfied on or before 30 September 2019, as follows:

<b>Conditions Precedent (CPs):</b>	<ol style="list-style-type: none"> <li>1. Sconi Mining Operation obtaining legally binding documents for financing to complete the construction and commissioning of the Sconi Project on terms acceptable to Sconi Mining Operation.</li> <li>2. SK Innovation completing, and being satisfied (in its absolute discretion) with the results, of its due diligence conducted on the Sconi Project.</li> </ol>
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Australian Mines advises that SK Innovation and Australian Mines have agreed to extend the end date for satisfaction of the conditions precedent to 31 October 2019 solely for the purposes of progressing discussions regarding financial support for the Sconi Project from SK Innovation, as follows:

1. SK Innovation has advised Australian Mines that it has completed its due diligence with respect to the Sconi Project for the purposes of the Offtake Agreement.
2. SK Innovation and Australian Mines will continue discussions regarding pre-payment from SK Innovation with respect to future offtake under the Offtake Agreement (which may comprise a pre-payment against future offtake supply). Accordingly, additional due diligence related to project financing may need to be conducted by SK Innovation for the purpose of the pre-payment.

<sup>1</sup> Australian Mines Limited, Long-form off-take agreement signed with SK Innovation for Sconi Project, released 6 August 2019.

<sup>2</sup> Australian Mines Limited, Long-form off-take agreement signed with SK Innovation for Sconi Project, released 6 August 2019.

3. The amount and terms of such financial support (and related assessments by SK Innovation) are to be discussed on the principle that such support if agreed would be provided as part of and subject to the total financing for the Sconi Project being secured.
4. If SK Innovation issues an agreed pre-payment / finance letter to Australian Mines by 31 October 2019, the parties will proceed to negotiate and finalise the formal documentation (including the specific terms and conditions) with respect to that support by 31 January 2020.
5. Negotiations on the formal documentation for the pre-payment would proceed on the basis that the Offtake Agreement remain effective pending such documentation being finalised and signed. As part of finalising such documentation, SK Innovation and Australian Mines would agree to a further period of 3 months (to 30 April 2020) for the remaining financing for the Sconi Project to be secured.
6. Consistent with the previous position under the Offtake Agreement, should SK Innovation not issue an agreed pre-payment letter on or before 31 October 2019 or (if applicable) the formal documentation for that support not be agreed by 31 January 2020, the Offtake Agreement will automatically terminate on the basis that one or both of the conditions precedent to the Offtake Agreement as described above were not satisfied by that date.

In addition to the above, the Company will continue its discussions with potential project financiers, which have progressed following signing of the Offtake Agreement.

**\*\*\*ENDS\*\*\***

**For further information, please contact:**

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