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Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

ASX RELEASE

Quarterly Activities Report for period ended 31 March 2022

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to provide its Quarterly Activities Report for the period ending 31 March 2022.

Australian Mines continued to focus on advancing its flagship, 100%-owned Sconi Nickel-Cobalt-Scandium Project in North Queensland ("Sconi") during the March quarter. To that end, the Company appointed PQ Partners during this period to key roles within the owner's team¹. Included within PQ Partners' scope of service is project management, commercial management, and project controls of the Sconi Project, as well as managing the selection, award and performance of the Engineering, Procurement and Construction Management (EPCM) contractor, and the final approvals process prior to construction commencing at the Sconi Project.

The Company also recently commenced² further exploration across the Sconi Project targeting additional nickel and cobalt mineralisation potentially occurring outside the Project's current Ore Reserve³ and Mineral Resource⁴. This program is in response to incoming, non-solicited enquiries from several global players within the electric vehicle and/or battery supply chain sector in relation to the possibility of expanding the scale of the Sconi Project and any future output therefrom.

¹ Australian Mines Limited, *Sconi Project Owner's Team Appointment* (ASX: 4 February 2022)

² Australian Mines Limited, *Australian Mines seeks to enhance commercial potential of the Sconi Project with additional nickel and cobalt exploration* (ASX: 22 April 2022)

³ See Appendix 2 of this report

⁴ See Appendix 3 of this report

Key activities & achievements during the quarter include:

- Sconi owner's team: Appointment of PQ Partners to the role of Sconi owner's team to manage the timely completion of engineering milestones, the project delivery strategy and project execution plan.
- Alternative nickel-cobalt laterite processing: Completion of a Proof-of-Concept study investigating an innovative, low capex, scalable and environmentally benign processing technology for the extraction of nickel, cobalt and scandium from the lateritic ores at the Company's' Bell Creek-Minnamoolka (Queensland) and Flemington (New South Wales) projects.
- Greenvale Mining Lease compensation agreement: Agreed terms for compensation agreement with the underlying private landowner of "Lucky Downs" station, which will be subject⁵ to the Greenvale Mining lease at Sconi.
- R&D tax offset refund received: Deploying funds received from the Australian Government's R&D Tax Incentive scheme to continue advancing the Company's Sconi Project.
- Demerging non-core assets: Progressing exploration across Australian Mines exploration portfolio in support of the Australian Mines' Board plans to demerge the Company's non-core exploration assets during the 2022 calendar year⁶.

Australian Mines' primary focus remains progressing the development of its Sconi Nickel-Cobalt-Scandium Project in North Queensland, Australia. A key milestone to commence mine development at Sconi would be the successful conclusion of the current financing negotiations for the Project. With that in mind, Australian Mines has been negotiating with a range of potential project financiers, that includes various export credit agencies, green energy funds, commercial banks, mezzanine financiers and international banks.⁷ The Company's target is to secure financing of the Sconi Project during the 2022 calendar year.

⁵ Australian Mines Limited, *Sconi Project - Greenvale Mining Lease Compensation Agreement* (ASX: 9 February 2022)

⁶ Australian Mines Limited, *Quarterly Activities Report for the period ended 30 September 2021*, (ASX: 25 October 2021); Australian Mines Limited, *Annual Report* (ASX: 25 October 2022); Australian Mines Limited, *Half Year Report* (ASX: 15 March 2022)

⁷ Australian Mines Limited, *Quarterly Activities report for the period ended December 2021*, (ASX:31 January 2022). Australian Mines Limited, *2021 AGM address to shareholders*, (ASX, 17 December 2021).

Australian Mines acknowledges the natural desire by shareholders for further details regarding the project financing negotiations including the names of the potential finance organisations involved in this process. However, these financing negotiations are subject to strict Non-Disclosure Agreements (NDA) and Confidentiality Agreements (CA) as is normal practice. The Company can only reiterate that it will provide updates to the ASX regarding Sconi Project financing in accordance with its continuous disclosure obligations and its commercial confidentiality restrictions.

In addition to delivering Australian Mines' primary focus, developing Sconi for the supply of mixed nickel-cobalt hydroxide precipitate (MHP), the Company is exploring alternative processing technologies for the Bell Creek–Minnamoolka and Flemington Projects. The Bell Creek–Minnamoolka and Flemington Projects, which contain an existing nickel and cobalt resource respectively⁸, are not currently covered by the Offtake Agreement with LG Energy Solution⁹ and, thus may be of interest to other parties seeking a potential reliable supply of nickel and/or cobalt at a future date.

The Proof-of-Concept study of for the use of deep eutectic solvents (DES) for the extraction of nickel, cobalt, and scandium from Bell Creek–Minnamoolka and Flemington lateritic ores, has the potential to unlock further value from Australian Mines' project portfolio.

This DES Proof-of-Concept study follows Australian Mines' work exploring the production of higher value precursor cathode active material (P-CAM) from laterite-hosted feedstock where the Company has successfully produced nickel-cobalt-manganese (NCM) P-CAMs and lithiated cathode active material (CAM) from raw feedstock.

This work, together with the Company's other research programs over the past three years on processing options for both the Sconi and Flemington projects, gives Australian Mines relevance and flexibility to future market conditions and demand scenarios, while complementing the LG Energy Solution offtake agreement for MHP.

⁸ See Appendix 3 and Appendix 4 of this report

⁹ Australian Mines Limited, *Binding offtake agreement with LG Energy Solution for supply of mixed nickel-cobalt hydroxide from the Sconi Project, Queensland* (ASX: 16 August 2021).

Long form, binding Sconi Offtake Agreement

The initial term of the long form binding offtake agreement with LG Energy Solution is six years.¹⁰ During this initial term LG Energy Solution is to purchase 71,000 tonnes of nickel and 7,000 tonnes of cobalt in the form of MHP, which is expected to account for 100% of the projected future production of Sconi over its first six years.

The Offtake Agreement with LG Energy Solution creates a sound customer foundation to underpin Sconi's development (see Table 1 below) as a project with an expected mine life in excess of 30 years.

Key Term	Description
Quantity	71,000 dry metric tonnes of nickel, plus 7,000 dry metric tonnes of cobalt
Term	Six years (initial term), with the potential to extend by another five years by mutual agreement
Commencement	On or before 1 July 2024, with an option to extend by up to 6 months by mutual agreement
Pricing	Pricing is on a US\$ basis, and is linked to market prices quoted on the London Metal Exchange (LME) for nickel and published by Fastmarkets MB for cobalt at the time of sale via a pricing formula

Table 1: Key terms – LG Energy Solution binding Offtake Agreement

Sconi project financing

Interest in financing Sconi has been maintained since the publication of the Bankable Feasibility Studies (BFS) in 2018¹¹ and 2019,¹² and more recently has been supported by the binding Offtake Agreement with LG Energy Solution.

¹⁰ Australian Mines Limited, *Binding offtake agreement with LG Energy Solution for supply of mixed nickel-cobalt hydroxide from the Sconi Project, Queensland* (ASX: 16 August 2021).

The binding long form offtake agreement has only one condition Precedent, which is that Australian Mines secures financing for construction on the Sconi Project on or before 30 June 2022 (or such later date as the parties may agree).

¹¹ Australian Mines Limited, *Bankable Feasibility Study supports strong commercial case for developing Sconi Cobalt-Nickel Scandium Project, located in North Queensland* (ASX: 20 November 2018).

¹² Australian Mines Limited, *Sconi to generate \$5 billion in free cashflow over 30-year mine life* (ASX: 13 June 2019).

These negotiations are also underpinned by:

- The Queensland Government's Prescribed Project status for Sconi¹³ which will facilitate and expedite the development of Sconi
- The Queensland Government's conditional financial package for Sconi through the Jobs and Regional Growth Fund¹⁴
- Due diligence discussions with the Northern Australia Infrastructure Facility (NAIF) for potential Sconi project financing¹⁵
- The binding long form Offtake Agreement with LG Energy Solution for 100% of the projected future production from the Sconi Project over its first six years¹⁶
- The Sconi Project being world class by scale, quality and ESG parameters,
- Australian Mines owning 100% of Sconi and being fully funded until its target project financing date, on or before 30 June 2022 (or such later date as the parties may agree)
- The increasing demand profile for ethically sourced nickel and cobalt materials supported by the rapid expansion of the electric vehicle and clean energy storage markets

As mentioned earlier in this report, Australian Mines financing negotiations continue to be subject of NDA and/or CA as is normal practice.

Updates will be provided to the ASX regarding the project financing, in accordance with the Company's continuous disclosure obligations and its commercial confidentiality restrictions, and the Board of Australian Mines appreciates shareholders' continuing patience and understanding in relation to this matter.

¹³ Australian Mines Limited, *Queensland Government provides Sconi Prescribed Project status* (ASX: 25 January 2019).

¹⁴ Australian Mines Limited, *Queensland Government offers support to Sconi Project* (ASX: 15 July 2020).

¹⁵ Australian Mines Limited, *Sconi Project in Due Diligence Phase for NAIF funding* (ASX: 15 October 2018).

¹⁶ Australian Mines Limited, *Binding offtake agreement with LG Energy Solution for supply of mixed nickel-cobalt hydroxide from the Sconi Project, Queensland* (ASX: 16 August 2021).

The binding long form offtake agreement has only one condition Precedent, which is that Australian Mines secures financing for construction on the Sconi Project on or before 30 June 2022 (or such later date as the parties may agree).

Alternative nickel-cobalt laterite processing

Australian Mines' research and development partner, Descycle, completed a Proof-of-Concept Study using deep eutectic solvents (DES) for the extraction of nickel, cobalt and scandium from lateritic ores sourced from the Bell Creek–Minnamoolka and Flemington Projects.¹⁷

The DES leaching technology has the potential to unlock value at both the Bell Creek–Minnamoolka and Flemington projects by offering an alternative to existing treatment and recovery processes (such as HPAL).

DES leaching has the following potential benefits, including:

- Significantly lower capital expenditure (compared to other existing process flowsheets)
- A scalable processing plant, through the modular design and construct approach (with the ability to start small and expand over time)
- Environmental benefits, given DES are environmentally benign, biodegradable, and non-aqueous, with the potential for significantly reduced water usage, and low CO₂ emissions; and
- High recovery rates of nickel, cobalt, and scandium.

The leaching rates achieved in the Proof-of-Concept Study were as high as 100% cobalt, 97% nickel, and 94% scandium. Following these positive results, Australian Mines intends on undertaking further work as part of the commercialisation process, including:

- Stage 2 (Pre-Feasibility Study) – which commenced in April 2022¹⁸ and will focus on metal recovery from the DES formulations and front-end optimisations,
- Stage 3 (Full Feasibility and Pilot Design) – over a 12-month period, and
- Stage 4 (Pilot Plant) – over a 3–6-month period of operation, as well as a construction period.

¹⁷ Australian Mines Limited, *Proof-of-Concept Study on Alternative Nickel-Cobalt Laterite Ore Processing* (ASX: 9 March 2022).

¹⁸ Australian Mines Limited, *Pre-Feasibility Study Commences on Alternative Nickel-Cobalt Laterite Ore Processing* (ASX: 4 April 2022)

The costings for Stage 2 (Pre-Feasibility Study) of the commercialisation process are relatively modest and have been factored into the current 2022 and 2023 financial year budgets.

The decision to investigate an alternative processing flowsheet for the Bell Creek–Minnamoolka and Flemington Projects does not alter Australian Mines’ commitment to its flagship Sconi Nickel-Cobalt-Scandium Project in North Queensland, nor its offtake agreement with LG Energy Solution, which currently excludes ore from Bell Creek-Minnamoolka and Flemington.

Leadership on ESG

Australian Mines’ ongoing research and development into an alternative, environmentally benign treatment and recovery processes to extract nickel, cobalt, and scandium from laterite ores is aligned with the Company’s leadership position on ESG matters.

Australian Mines was the first mineral resources company to be certified under the Climate Active Program as a Carbon Neutral organisation and the Company continues to maintain this certification.¹⁹

Climate Active is the only Australian Government recognised Carbon Neutral certification, and it is awarded to organisations that have credibly reached a state of achieving net zero emissions, otherwise known as carbon neutrality.

Greenvale Mining Lease compensation agreement

During the reporting period, Australian Mines executed a compensation agreement with the landholder of the “Lucky Downs” station. This Agreement provides Australian Mines with the right (but not the obligation) to purchase the pastoral lease underlying Australian Mines’ Greenvale Mining Lease for a pre-agreed price and with pre-agreed conditions.

¹⁹ Australian Mines Limited, *Australian Mines achieves industry first carbon neutral certification* (ASX: 18 August 2020).

R&D tax offset refund

Australian Mines received its research and development (R&D) Tax Offset refund of \$409,325 from the Australian Taxation Office (ATO)²⁰ for the 2021 financial year (2020: \$409,583)²¹. The Australian Federal Government's R&D Tax Incentive scheme offers a refundable tax offset for eligible R&D activities, to encourage investment in R&D. The funds received are being used to continue advancing the Sconi Project.

Demerging non-core assets

Exploration activity to demonstrate the potential for additional value continues across the Australian Mines' portfolio of projects.

As outlined in the Company's 2021 Annual Report²², the Australian Mines Board intends to seek shareholder approval during the 2022 calendar year to demerge the Company's non-core assets into a new exploration-focused company.²³

The Board proposes that together with the Sconi Project, the laterite-hosted cobalt, nickel and scandium mineral rights²⁴ of the Flemington Project (including the existing cobalt-scandium Mineral Resource²⁵) will be retained within Australian Mines.

A demerger of non-core assets will allow Australian Mines to focus its efforts on maximising shareholder returns through delivering a fully operational Sconi mining project and the ongoing optimisation of the production stream thereafter.

²⁰ The R&D initiative is jointly administered by the Australian Government's ATO and AusIndustry..

²¹ Australian Mines Limited, *Annual Report 2021*, Note 12 (p. 51).

²² Australian Mines Limited, *Annual Report* (ASX: 25 October 2022)

²³ Australian Mines Limited, *Quarterly Activities Report for the period ended 30 September 2021*, (ASX: 25 October 2021)

²⁴ 'Mineral Rights' means the rights to lateritic nickel, cobalt, and scandium minerals from New South Wales exploration licence EL7805.

²⁵ The Mineral Resource Estimate for the Flemington Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Events subsequent to the quarter

Australian Mines advises that Company intends on bolstering the management team to accelerate the Sconi Project by commencing a search to appoint a new Chief Executive Officer (CEO) experienced in mining project development, a new Chief Financial Officer (CFO) and Chief Project Engineer. It is intended that the current CEO and Managing Director will continue in this role until the appointment of the new CEO, following which Mr Bell will assist with the transition and take up the roll of General Manager – Exploration within the Company. Mr Bell intends to retire from the Board of Australian Mines Limited²⁶ as part of this transition. This change in leadership is part of a broader expansion of Australian Mines' owner's team, and the Company's planned shift from explorer to producer.

ENDS

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Authorised for release by the Board of Directors of Australian Mines Limited



Australian Mines Limited supports the vision of a world where the mining industry respects the human rights and aspirations of affected communities, provides safe, healthy, and supportive workplaces, minimises harm to the environment, and leaves positive legacies.

²⁶ Including also retiring as a director of Australian Mines Limited's wholly owned Australian subsidiaries of Sconi Mining Operations Pty Ltd and AUZRND Pty Ltd, and Australian Mines Limited's wholly owned United Kingdom subsidiary AML Advanced Materials Limited (referred to in announcements as *amlam*).

Appendix 1: Summary of Expenditure

	Total as per Cashflow Appendix 5B	Sconi Project	Flemington Project	Broken Hill Project	Australian Mines
Exploration & Evaluation	294,473	0	194,405	37,468	62,600
Development	1,556,347	1,556,347			
Total	1,850,820	1,556,347	194,405	37,468	62,600

Table A1-1: Project development, exploration, and evaluation expenditure (in Australian dollars) by Australian Mines for the period ended 31 March 2022.

The aggregate payments to related parties and their associates for the reporting period under item 6.1 of the Company's accompanying Appendix 5B (Quarterly Cashflow Report) was \$165,000 which constitutes director fees, salaries and superannuation.

An amount of \$14,000 is also shown in item 6.2 of the Company's accompanying Appendix 5B for this period. This figure does not reflect a payment to any related party and their associates but is, instead, simply a partial allocation of an executive director's salary to "*exploration & evaluation*" within Australian Mines' accounts for working closely on some specific exploration activities during the reporting period.

No consulting fees were paid to any related parties or their associates during the quarter.

Similarly, no payments in any form (except for the standard director fees, salaries, and superannuation) were paid to any related party of Australian Mines or their associates during this reporting period.

Appendix 2: Sconi Project Ore Reserve Estimate

Classification	Pit	Ore (Million tonnes)	Nickel (%)	Cobalt (%)	Scandium (ppm)
Proved	Greenvale	4.49	0.83	0.07	36
	Kokomo	1.52	0.72	0.15	58
	Lucknow	2.07	0.47	0.09	51
	Sub-total	8.08	0.72	0.09	44
Probable	Greenvale	13.08	0.73	0.05	29
	Kokomo	17.43	0.57	0.09	31
	Lucknow	18.71	0.42	0.08	38
	Sub-total	49.22	0.55	0.08	33
Total	Greenvale	17.57	0.76	0.06	31
	Kokomo	18.96	0.58	0.10	33
	Lucknow	20.77	0.42	0.08	39
	Sub-total	57.30	0.58	0.08	35

Table A2-1: Sconi Project Ore Reserve summary based on variable nickel equivalent cut-off between 0.4% and 0.45%

Ore Reserve as per Australian Mines' announcement released via the ASX platform on 13 June 2019. Prepared by specialist mine planning consultants, Orelogy, in accordance with the current 2012 JORC Code.

There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The Mineral Resource figures in Tables A3-1 to A3-3 of Appendix 3 are inclusive of the Ore Reserve figures above. Approximately 14% of the Ore Reserves (outlined in the table above) are classified as Proved and 86% are classified as Probable. It should be noted that the Proved and Probable Reserves are inclusive of allowance for mining dilution and ore loss.

Appendix 3: Sconi Project Mineral Resource Estimates²⁷

Classification	Tonnes (millions)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	5.05	1.06	0.83	0.07
Indicated	17.24	0.90	0.73	0.05
Inferred	10.34	0.63	0.54	0.04
Total	32.63	0.84	0.69	0.05

Table A3-1: Greenvale Mineral Resource. (Lower cut-off grade: Nickel equivalent 0.40%)

Classification	Tonnes (millions)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.60	0.91	0.53	0.11
Indicated	12.63	0.83	0.47	0.11
Inferred	0.38	0.66	0.55	0.03
Total	14.62	0.83	0.48	0.11

Table A3-2: Lucknow Mineral Resource. (Lower cut-off grade: Nickel equivalent 0.55%)

Classification	Tonnes (millions)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.62	1.17	0.73	0.15
Indicated	19.37	0.83	0.57	0.09
Inferred	7.48	0.70	0.53	0.07
Total	28.47	0.81	0.57	0.09

Table A3-3: Kokomo Mineral Resource. (Lower cut-off grade: Nickel equivalent 0.45%)

²⁷ The Mineral Resource Estimates for the Greenvale, Lucknow and Kokomo deposits are reported under JORC 2012 Guidelines and were reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines. Nickel equivalent (NiEq) calculations are described in detail in Appendix 8 of this report.

Classification	Tonnes (millions)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	11.4	1.02	0.84	0.05
Indicated	12.7	0.74	0.64	0.03
Inferred	1.7	0.66	0.55	0.03
Total	25.8	0.86	0.72	0.04

Table A3-4: Bell Creek Mineral Resource²⁸. (Lower cut-off grade: Nickel equivalent 0.45%)

Classification	Tonnes (millions)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
Total	14.3	0.66	0.03

Table A3-5: Minnamoolka Mineral Resource²⁹. (Lower cut-off grade: Nickel equivalent 0.45%)

²⁸ The Mineral Resource Estimate for the Bell Creek deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

Nickel equivalent (NiEq) calculations are described in detail in Appendix 8 of this report.

²⁹ The Mineral Resource Estimate for the Minnamoolka deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

Appendix 4: Flemington Project Mineral Resource Estimates³⁰

Classification	Tonnes (millions)	Cobalt (%)	Scandium (ppm)
Indicated	2.5	0.103	403
Inferred	0.2	0.076	408
Total	2.7	0.101	403

Table A4-1: Flemington Mineral Resource. (Lower cut-off grade: Cobalt equivalent 0.03%)

³⁰ The Mineral Resource Estimate for the Flemington deposit is reported under JORC 2012 Guidelines and were reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Appendix 5: Competent Persons Statement – Sconi Project

The Mineral Resource for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource for the Greenvale, Lucknow and Kokomo deposits within the Sconi Project were first reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

The information in this report that relates to Sconi Project's Greenvale, Lucknow and Kokomo Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Ore Reserve for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Ore Reserve was first reported by Australian Mines on 13 June 2019. There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The information in this report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Jake Fitzsimons, a Competent Person, who is an employee of Orelogy Consulting Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM #110318). Mr Fitzsimons has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Fitzsimons consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Bell Creek deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 29 April 2019. There has been no

Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

The information in this report that relates to the Sconi Project's Bell Creek Mineral Resource is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Minnamoolka deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

The information in this report that relates to the Sconi Project's Minnamoolka Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

Appendix 6: Competent Persons Statement – Flemington Project

The Mineral Resource for the Flemington Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Information in this report that relates to Flemington Project's Exploration Results is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines. Mr Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 7: Forward Looking Statements

This announcement contains forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions.

Any forward-looking statements in this document relating to the outcomes of the Sconi Project Feasibility Studies and ongoing refinement work as outlined in this report. Actual results and developments of projects and the market development may differ materially from those expressed or implied by these forward-looking statements. These, and all other forward-looking statements contained in this announcement are subject to uncertainties, risks and contingencies and other factors, including risk factors associated with exploration, mining, and production businesses. It is believed that the expectations represented in the forward looking statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and productions results, resource estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Any forward-looking statement is included as a general guide only and speak only as of the date of this document. No reliance can be placed for any purpose whatsoever on the information contained in this document or its completeness. No representation or warranty, express or implied, is made as to the accuracy, likelihood or achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. Australian Mines does not undertake to update or revised forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

To the maximum extent permitted by law, Australian Mines and its Associates disclaim all responsibility and liability for the forward-looking statements, including, without



limitation, any liability arising from negligence. Recipients of this document must make their own investigations and inquiries regarding all assumptions, risks, uncertainties, and contingencies which may affect the future operations of Australian Mines or Australian Mines' securities.

Appendix 8: Nickel Equivalent Calculations – Sconi Project

Nickel equivalent (NiEq) grades referenced in this report were calculated according to the following formula:

$$NiEq = [(nickel\ grade \times nickel\ price \times nickel\ recovery) + (cobalt\ grade \times cobalt\ price \times cobalt\ recovery)] / (nickel\ price \times nickel\ recovery)]$$

The formula was derived using the following commodity prices and recoveries:

Foreign exchange rate – AUD/USD: 0.71,

Nickel – A\$27,946/t and 94.8% recovery,

Cobalt – A\$93,153/t and 95.7% recovery.

Prices and recoveries effective as of 10th February 2019.

Metal recovery data was determined by variability test work of nickel and cobalt solvent extraction during the inhouse pilot plant test work program. Results typically achieved between 90% and 99% from samples with nickel and cobalt grades aligned with expected mine grades as reported from the Mineral Resource model. Lower recoveries of between 85% and 90% were achieved from some lower-grade samples to determine economic cut off grades.

It is the opinion of Australian Mines that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources from the Sconi Project. Consideration was given to the relatively shallow depth of the mineralisation, existing infrastructure near to the project including sealed road access, power, labour and water, and positive results from the 2018 Feasibility Study.

The Competent Person and Australian Mines also believe there are reasonable prospects for eventual economic extraction of the Mineral Resources from the Bell Creek and Minnamoolka deposits. Consideration was given to the relatively shallow depth of the mineralisation, and positive results from the 2018 Feasibility Study for the Greenvale and Lucknow deposits located to the south of Bell Creek and Minnamoolka deposits, which share similar geological characteristics to the Bell Creek and Minnamoolka deposits.

Appendix 9: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML 10342	Granted	100%
Queensland	Sconi	ML 10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	100%
Queensland	Sconi	MDL 515	Granted	100%
Queensland	Sconi	MDL 387	Granted	100%
Queensland	Sconi	EPM 25834	Granted	100%
Queensland	Sconi	EPM 25865	Granted	100%
Queensland	Sconi	EPM 25833	Granted	100%
Queensland	Sconi	EPM 26575	Granted	100%
Queensland	Sconi	EPM 26577	Granted	100%
Queensland	Sconi	EPM 26578	Granted	100%
Queensland	Sconi	EPM 26579	Granted	100%
Queensland	Sconi	EPM 26559	Granted	100%
Queensland	Sconi	EPM 26853	Granted	100%
Queensland	Sconi	EPM 26857	Granted	100%
Queensland	Sconi	EPM 26918	Granted	100%
Queensland	Sconi	EPM 27529	Granted	100%
Queensland	Biloela	EPM28049	Granted	100%
Queensland	Biloela	EPM28050	Granted	100%
New South Wales	Flemington	EL 7805	Granted	100%
New South Wales	Flemington	EL 8546	Granted	100%
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Flemington	EL 9321	Granted	100%
New South Wales	Broken Hill	EL 8477	Granted	100%
New South Wales	Broken Hill	EL 9300	Granted	100%
New South Wales	Broken Hill	EL 9326	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
Queensland	Biloela	EPM28049	Granted	100%	-
Queensland	Biloela	EPM28050	Granted	100%	-

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-