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# **Australian Mines to acquire 100% interest in Flemington Cobalt-Nickel- Scandium Project, New South Wales**

## **HIGHLIGHTS**

- **Exercised option to acquire a 100% interest in the Flemington Project from Jervois Mining**
- **One of New South Wales' most advanced cobalt projects, with permanent water allocation for a future mining operation secured, preliminary environmental assessment approved, and an initial maiden Mineral Resource<sup>1</sup> established**
- **Potential to significantly increase the current Mineral Resource<sup>1</sup> via a targeted drilling campaign, which is slated to commence in the coming months**
- **Focused on providing an updated Mineral Resource<sup>1</sup> and commencing a Pre-Feasibility Study for the Flemington Project in early 2019**

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<sup>1</sup> 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

**Australian Mines Limited** (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to announce it has exercised its option to acquire 100% interest in the Flemington Cobalt-Nickel-Scandium Project<sup>2</sup>, located in central New South Wales.

The Flemington Project is considered one of Australia’s more advanced cobalt-nickel-scandium projects, having:

- ✓ An existing maiden Mineral Resource (2.5 million tonnes at 0.103% cobalt and 403ppm scandium in the Measured category; and 0.2 million tonnes at 0.076% cobalt and 408ppm scandium in the Indicated category)<sup>3</sup>;
- ✓ Significant potential to materially expand the current Mineral Resource, given that only 1% of the prospective geology at Flemington has been comprehensively tested to date<sup>4</sup>;
- ✓ Completed Scoping Study, which indicated that the Project has the potential to generate an after-tax cash flow of A\$677 million for first 18 years of production<sup>5</sup> (based on the existing Mineral Resource<sup>6</sup>, which currently covers only 1% of the prospective geology at Flemington)
- ✓ Permanent water rights secured<sup>7</sup> whose annual allocation is more than adequate to support a future mining and processing operation at Flemington
- ✓ Preliminary Environmental Assessment (PEA) for a mining operation at Flemington accepted by the Government of New South Wales, and
- ✓ Mining Lease presently pending with the New South Wales Department of Planning<sup>8</sup>

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<sup>2</sup> The option relates to exploration licence 7805 and 8546. The Flemington Project comprises the granted exploration tenements of EL7805, EL8546 and EL8478. Tenement EL8478 is already held 100% by Australian Mines with no royalties or claw-backs attached.

<sup>3</sup> 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

<sup>4</sup> Australian Mines Limited, Maiden Mineral Resource confirms Flemington Project’s cobalt credentials, released 31 October 2017

<sup>5</sup> Australian Mines Limited, Technical Reports, release 31 March 2017

Australian Mines confirms in the subsequent public report that all the material assumptions underpinning the forecast financial information derived from a production target, in the initial public report referred to in rule 5.17 continues to apply and have not materially changed

<sup>6</sup> 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

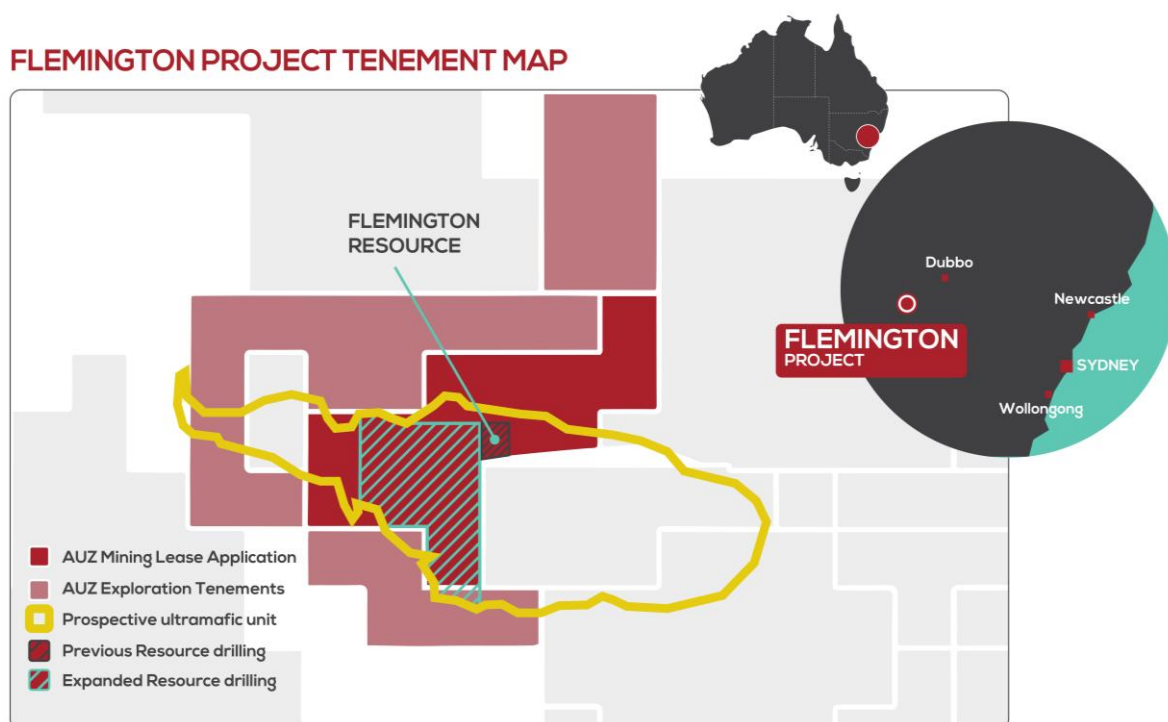
<sup>7</sup> Australian Mines Limited, Water licence secured for Flemington Cobalt-Scandium-Nickel Project, New South Wales, released 3 October 2017

<sup>8</sup> Australian Mines Limited, Mining Lease application submitted over Flemington Cobalt – Scandium Resource, released 3 April 2017

Under the terms of the Option Agreement<sup>9</sup>, Australian Mines, through its wholly-owned subsidiary Flemington Mining Operations Pty Ltd has now paid the option exercise fee of \$600,000 to Jervois Mining Limited (ASX: JRV).

Completion of the Sale Agreement will occur over the next 20 business days at which time Australian Mines will make the final payment of \$3,400,000 to Jervois Mining Limited.

The original Option Agreement also included a 1.5% gross sales royalty on all proceeds from the sale of products derived from the Flemington assets. In an unrelated transaction this royalty has since been sold by Jervois Mining Limited to Cobalt 27 Capital Corp, a physical commodity trading house focused on cobalt<sup>10</sup>.



**Figure 1:** Map showing Australian Mines' proposed exploration drilling program that is designed to test a larger extent of the prospective Tout Complex (outlined in yellow in this image) – being the host geology of the Flemington – Sunrise mineralisation.

In expectation of the Company acquiring 100% interest in the Flemington project, Australian Mines' exploration team have been finalising the design of a resource expansion drilling program at Flemington to ensure that it covers the priority target zone of the prospective Tout Complex (see Figure 1) - being the known host geology of both the Flemington deposit and adjoining Sunrise mineralisation.

<sup>9</sup> As announced by the Company on 10 October 2016, Australian Mines entered into an option agreement with Jervois Mining Limited (ASX: JRV) for Australian Mines to acquire a 100% interest in the Flemington Project

<sup>10</sup> Jervois Mining Limited, Jervois Mining finalises agreement for US\$4.5 million royalty sale to Cobalt 27, released 29 June 2018

Australian Mines anticipates commencing drilling at Flemington immediately following the completion of the current 50,000-metre resource expansion drilling program<sup>11</sup> at the Company's 100%-owned Sconi Cobalt-Nickel-Scandium Project in Queensland.

Once the results from the proposed drilling at Flemington have been received and modelled, Australian Mines will release an updated Mineral Resource Estimate, and move quickly to commence a Pre-Feasibility Study (PFS) on the Flemington Project.

**Australian Mines Managing Director, Benjamin Bell, commented:** *"I am very pleased that Australian Mines has progressed its Flemington Project to a point that we are now in a position to complete the acquisition of this highly promising cobalt-nickel-scandium deposit on a 100% basis prior to our next drilling campaign, and before we advance the Project towards a Pre-Feasibility Study."*

*"The Flemington Project is located in New South Wales' premier location for cobalt mineralisation and shares a tenement boundary with Clean TeQ's Sunrise deposit, which has been proven to link with Australian Mines' current Mineral Resource<sup>12</sup> at Flemington.*

*"We remain optimistic about significantly increasing the Mineral Resource inventory at the Project, given that only 1% of the prospective geology at Flemington has been comprehensively evaluated. Our early modelling of the cobalt grade, host geology and potential mineral resource tonnage at Flemington has demonstrated significant exploration potential.*

*"We look forward to getting a drill rig back out on the ground at the Project to further evaluate the scale of the opportunity we have with Flemington and potentially develop it into a valuable second production source of cobalt, nickel and scandium for Australian Mines, following our flagship Sconi Project in Queensland where we are nearing completion of a Bankable Feasibility Study.*

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

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<sup>11</sup> Australian Mines Limited, Resource expansion drilling commenced at Sconi Project, released 27 June 2018

<sup>12</sup> The Mineral Resource Estimate for the Flemington Cobalt-Scandium-Nickel 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