

27 February 2019

Australian Mines secures funds to accelerate cobalt and nickel projects

HIGHLIGHTS:

- **\$5 million raised¹ through placement to sophisticated and institutional investors**
- **In addition to working capital, proceeds anticipated to fund:**
 - **Optimisation of existing Bankable Feasibility Study of the Sconi Cobalt-Nickel-Scandium Project in North Queensland, Australia**
 - **Completion of resource expansion drilling at Flemington Cobalt-Nickel-Scandium Project in central New South Wales, Australia**

Advanced battery materials developer, Australian Mines Limited ("**Australian Mines**" or "**the Company**") (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to announce that the Company has attracted \$5 million in investment, before costs, from sophisticated and institutional investors through the placement of 172,413,793 fully paid ordinary shares at 2.9 cents per share ("the Placement").

This placement, which was completed in accordance with Section 708 of the Corporations Act, utilised the Company's existing placement capacity pursuant to Listing Rule 7.1, with these shares to rank equally with existing AUZ shares on issue.

¹ before costs

Australian Mines is developing the world class Sconi Cobalt-Nickel-Scandium Project in North Queensland, Australia. Once developed, the Sconi Project has been forecast to be one of the most competitive cobalt-producing nickel operations in the world by an independent nickel and cobalt sulphate Market Study².

The Bankable Feasibility Study (BFS), which was released for the Sconi Project in November 2018 forecasted average annual revenues of \$512 million, average annual EBITDA of \$295 million and post-tax Net Present Value (NPV) of \$697 million (at an 8% discount rate)³.

Following a successful Resource expansion drill program, Australian Mines is presently optimising this November 2018 BFS to incorporate the larger Mineral Resource⁴, which the Company anticipates will have a positive impact on the already favourable economics of the Sconi Project.

The Sconi Project represents one of three cobalt projects owned 100% by Australian Mines – all of which are located in the low sovereign-risk jurisdiction of Australia.

In addition to working capital and the optimisation of the Sconi Project's November 2018 Bankable Feasibility Study (BFS)⁵, the funds raised through this Placement will also be allocated to a Resource expansion drilling program at another of the Company's cobalt Projects, namely the Flemington Project in New South Wales.

The Flemington Project is considered one of Australia's more advanced cobalt-nickel-scandium projects, and with only 1% of the prospective geology at Flemington comprehensively tested to date⁶, the Company believes that significant potential remains to materially expand the project's current cobalt Resource⁷

² Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2018.

³ Australian Mines, BFS supports strong commercial case for developing Sconi, released 20 November 2018. The information outlined on this document was previously released to the market by Australian Mines via the ASX platform on 20 November 2018. Australian Mines confirms 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.

⁴ The Mineral Resource Estimate for the Sconi Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 14 February 2019. The Mineral Resource for Sconi, as announced on 14 February 2019 is: Measured 8.27Mt @ 0.75% Ni and 0.09% Co, Indicated 49.24Mt @ 0.06% Ni and 0.08% Co, Inferred 18.2 @ 0.54% Ni and 0.08% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines

⁵ Australian Mines Limited, BFS supports strong commercial case for developing Sconi, released 20 November 2018

⁶ Australian Mines Limited, Australian Mines to acquire 100% interest in Flemington Cobalt-Nickel-Scandium Project, New South Wales, released 27 August 2018

⁷ 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

A Scoping Study completed by Australian Mines in 2017 indicated that the Flemington Project has the potential to generate an after-tax cash flow of A\$677 million for first 18 years of production (based on the existing Mineral Resource, which currently covers only 1% of the prospective geology at Flemington).

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.

Australian Mines' Managing Director, Benjamin Bell, commented: *"This fundraising demonstrates the appetite for exposure to the battery materials sector by the investment community continues to be buoyant.*

"We continue to see a positive outlook for battery and technology metals, with independent market analysis⁸ forecasting a 15-fold increase in cobalt demand over the next decade, with an emphasis by battery manufacturers and auto makers alike for ethically sourced material.

"I am very pleased that sophisticated and institutional investors continue to offer support for Australian Mines' strategy to become a future global player in the battery chemicals space and recognise the long-term value and potential of our projects."

*****ENDS*****

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⁸ Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2018.