

6 August 2019

## Long-form off-take agreement<sup>1</sup> signed with SK Innovation for Sconi Project

Advanced battery materials developer, **Australian Mines Limited** (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) advises that Australian Mines and SK Innovation have executed a long-form off-take agreement (“Agreement”) that replaces and expands upon the agreed terms of the binding term sheet executed by Australian Mines and SK Innovation<sup>2</sup> and announced by the Company in February 2018<sup>3</sup>.

As foreshadowed in the Company’s announcements in January 2019<sup>4</sup> and February 2019<sup>5</sup>, under the Agreement, SK Innovation has agreed, subject to the satisfaction of certain conditions precedent, to purchase 100% of the battery-grade cobalt sulphate and nickel sulphate produced from Australian Mines’ wholly-owned Sconi Cobalt-Nickel-Scandium Project in North Queensland (“Sconi Project”) for an initial seven-year period (which may be extended by mutual agreement for up to a further six years). A summary of the key terms of the Agreement, including the conditions precedent, are set out below.

Sales prices under the Agreement are linked to the corresponding London Metal Exchange nickel price and Metal Bulletin cobalt price. Due to SK Innovation not having exercised its subscription or investment option<sup>6</sup>, the final long-form off-take agreement does not contain a buyer discount on the base price of cobalt and nickel production from the Sconi Project.

<sup>1</sup> The agreement is subject to the satisfaction of two standard conditions precedent as set out in the table on page 2 of this report.

<sup>2</sup> Australian Mines Limited, AUZ reaffirms binding off-take agreement for Sconi Project, released 6 March 2018

<sup>3</sup> Australian Mines Limited, AUZ partners with SK Innovation to develop Sconi Project, released 19 February 2018

<sup>4</sup> Australian Mines Limited, SKI and AUZ - Committed to building the Sconi Project, released 3 January 2019

<sup>5</sup> Australian Mines Limited, Sconi Off-take Update, released 21 February 2019

<sup>6</sup> Australian Mines Limited, Sconi Off-take Update, released 21 February 2019

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The key terms of the final long-form offtake agreement are as set out in the below table:

<b>Seller:</b>	Sconi Mining Operations Pty Ltd (SMO) (being a wholly-owned subsidiary of Australian Mines Limited)
<b>Guarantor:</b>	Australian Mines Limited (AUZ)
<b>Buyer:</b>	SK Innovation Co., Ltd. (SKI)
<b>Term:</b>	Seven years from the date of the first shipment after commencement of commercial mining and processing operations at the Sconi Project unless extended by mutual agreement.
<b>Off-take Amount:</b>	100% of battery-grade cobalt sulphate and nickel sulphate produced from the Sconi Project on a take or pay basis that meets industry standard product specifications and aligns with a production plan provided by SMO to SKI (which will be consistent with the bankable feasibility study prepared by AUZ) <sup>7</sup> .
<b>Conditions Precedent (CPs):</b>	On or before 30 September 2019: <ol style="list-style-type: none"> <li>1. SMO obtaining legally binding documents for financing to complete the construction and commissioning of the Sconi Project on terms acceptable to SMO; and</li> <li>2. SKI completing and being satisfied (in its absolute discretion) with the results of, its due diligence conducted on the Sconi Project on or before 30 September 2019.</li> </ol> <p>Should either of the conditions precedent not be satisfied by 30 September 2019, the off-take agreement will terminate.</p>
<b>Default and Termination:</b>	Customary default provisions and termination rights for an off-take agreement in respect of a project of this nature, including for non-payment or where the product does not meet agreed specifications.

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

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<sup>7</sup> Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

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