

29 January 2021

Quarterly Activities Report

For the period ended 31 December 2020

Advanced battery materials development company, Australian Mines Limited (Australian Mines or the Company) (Australian ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2020.

During the reporting period, Australian Mines continued to maintain its focus on the development of its world-class Sconi Nickel-Cobalt-Scandium Project in North Queensland.

Commenting on the December 2020 quarter, Australian Mines' Managing Director, Mr Benjamin Bell, said: "During the quarter there was a considerable amount of activity and effort going on behind the scenes to progress our offtake and financing activities.

"It is worth reiterating that the Company is firmly committed, focused and in a strong position to take advantage of the expected increase in global demand for nickel and cobalt, being essential commodities used by electric vehicle battery makers, automotive manufacturers (also called 'OEMs', or original equipment manufacturers) and in the storage and delivery of clean, sustainable energy sources."

Securing an offtake agreement is a key step to unlocking the significant shareholder value within the Sconi Project. The process for securing a binding offtake agreement has many elements, some of which have been impacted by the disruption caused by COVID-19 global pandemic. That said, we have made significant progress on important elements that are within Australian Mines' control.

Consequently, the Company remains confident of entering an offtake agreement during calendar year 2021. This confidence is supported by the stage of discussions with potential partners; the work we are doing to make the Sconi Project a very attractive and ethically derived source of advanced battery materials and supportive industry dynamics.

The electric vehicle industry anticipates supply constraints around battery grade nickel will emerge by 2023, creating favourable market dynamics and additional demand for those materials. To address this 'pinch point', electric vehicle battery manufacturers will likely need

to put in place offtake agreements with new battery material suppliers, such as Australian Mines¹ during 2021-22.

Potential offtake parties appear acutely aware that the Sconi Project, when fully developed, will be a lowest cost-quartile producer of electric vehicle battery materials² in the world, with a project life in excess of 30 years³. Moreover, Sconi's characteristics of having operations in the Tier 1 jurisdiction of Australia; a demonstrated production capability; a track record of creating quality battery materials and a fully auditable and ethical supply chain are key considerations for our potential offtake partners.

In addition, the Sconi Bankable Feasibility Study⁴ outlines the compelling business case for the project and its ability to deliver significant shareholder value.

Sconi also enjoys the support of the Queensland government, which gave it prescribed project status to help fast-track its development and provided an offer of financial support in July 2020, which was recently extended to account for the impact of COVID-19.

During the quarter, the Company progressed discussions with project financiers, many of whom have been engaged with Australian Mines regarding financing the Sconi Project since the Bankable Feasibility Study⁵ was published in the first half of financial year 2019. These discussions include ensuring the price mechanism included in any binding offtake agreement is acceptable to all parties and maximises value for Australian Mines' shareholders.

Australian Mines has also pursued additional activities to enhance the commercial attractiveness of Sconi, including new trial production runs of advanced battery materials and an independent study⁶ of the available drilling and geological datasets for the project, which identified fourteen significant additional nickel, cobalt and scandium mineralisation targets for follow up.

The new targets will be the subject of an exploration and testing program over the coming year, the results of which will have the potential to drive an upward revision of the Sconi Mineral Resource⁵ and the project life span.

Australian Mines' Managing Director, Mr Benjamin Bell said, "Our strategic positioning as a potential low cost, long term producer and supplier of ethically derived and socially responsible, battery-grade, cobalt and nickel sulphate materials, operating in a low risk jurisdiction, is an attractive proposition to potential offtake and finance partners, such as global OEMs and electric vehicle battery makers alike.

"The Board believes Australian Mines' Bankable Feasibility Study on its Sconi Project demonstrates the Company's potential to be a leading supplier into the nickel and cobalt

¹ By way of background, at least three of the potential offtake parties have each indicated that in order to achieve their base-case, conservative electric vehicle sales figures, each of these parties would require the equivalent volume of five Sconi Projects by 2023/25. In other words, **the electric vehicle sector may potentially require at least 15 additional Sconi-size nickel-cobalt projects to be in production by 2023/25 to meet the industry's anticipated demand.** Thus, the international interest in development-ready, world-class projects in stable mining jurisdictions such as Australian Mines' 100% owned Sconi Project in North Queensland (Australia), is intensifying.

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 via the ASX platform on 12 February 2019

³ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

⁴ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

⁵ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

⁶ Australian Mines Limited, Additional nickel and cobalt targets identified at Sconi Project, North Queensland, released 15 May 2020

market for electric vehicle battery makers. This is supported by the production of high purity, electric vehicle supply chain-ready, battery materials at the Company's demonstration-scale processing plant in Australia⁷."

"The successful production runs further demonstrate our ability to consistently deliver battery-grade precursor chemicals of cobalt sulphate and nickel sulphate that can be applied directly into the manufacturing process of electric vehicle batteries, and support our negotiations with potential offtake and financing partners.

"We continue to engage, as the current global situation dictates, with a range of potential offtake parties to ensure that all due diligence conditions are satisfied. This will allow offtake discussions to progress beyond the current stage and into formal contracts⁸. However, OEM's and battery manufacturers have their own internal proprietary targets and, as a result, Australian Mines does not set the timetable/agenda for these offtake discussions. That said, we are continuing to press hard for a binding outcome to offtake discussions and will inform the market of any progress in due course."

Australian Mines is continuing pre-development work for the Sconi operations. Ultimately, this will include shared public-use infrastructure and continued investment in North Queensland to deliver benefits to local businesses and the community with the view to providing secure, long term jobs. During the quarter, pre-construction work was still being tempered by COVID-19 related community restrictions.

Australian Mines' commitment to investing in North Queensland is a central part of developing the Sconi Project into a sustainable business that has the potential to deliver outstanding returns for the Company's shareholders.

The Company's aim is for the operating and capital expenditure associated with the Sconi Project to be spent locally within Queensland, wherever possible. Over 80% of the workforce, for example, are expected to be sourced locally.

Our commitment to sustainability is already delivering business benefits. The Sconi Project has been granted "Prescribed Project" status by the Queensland Government⁹. Being a Prescribed Project will help with the smooth and methodical development of Sconi into a world-class, Tier 1 project. Australian Mines maintains regular contact with the Queensland Government to maximise the advantages of having "Prescribed Project" status.

Carbon Neutral Future: Australian Mines is the first (and only) mineral resources company to be certified a *Carbon Neutral Organisation* by the Australian Government

As part of the Company's commitment to leading Environmental, Social and Governance (ESG) practices, Australian Mines became the first minerals resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Action Program in August 2020¹⁰.

⁷ Australian Mines Limited, Sconi offtake sample production runs completed, released 19 June 2020

⁸ The Company does not plan to enter a non-binding memorandum of understanding (MoU) agreement as an intermediate step in any negotiation.

⁹ Australian Mines Limited, Queensland Government provides Sconi *Prescribed Project* status, released 25 January 2019

¹⁰ Australian Mines Limited, Australian Mines achieves industry first carbon neutral certification, released 18 August 2020

In fact, to date, Australian Mines remains the only minerals resources company to successfully be certified a Carbon Neutral Organisation under the Australian Government's Climate Action Program¹¹

Our focus on becoming 100% carbon neutral is a further investment in building a long-term sustainable future for Australian Mines. It follows on from the Company having its application for membership to the Initiative for Responsible Mining Assurance (IRMA) approved in March 2020. The IRMA is an independent third-party organisation that verifies and certifies socially and environmentally responsible mining. Australian Mines is now working towards IRMA certification specifically for the Sconi Project.

Australian Mines' Managing Director, Mr Benjamin Bell, noted: "Being 100% carbon neutral is a natural extension of Australian Mines' commitment to taking a leadership position on ESG. It follows on from the March 2020 approval of our membership of IRMA and Sconi being given 'Prescribed Project' status in early 2019 by the Queensland Government, which is a recognition of our commitment to the communities where we operate. Australian Mines is a responsible corporate citizen that plans to deliver a globally significant, ethical, reliable and sustainable source of technology metals to the rapidly growing electric vehicle and energy storage industries.

"Investing in becoming a carbon neutral business is investing to build a long-term sustainable future for Australian Mines and long-term value creation for our shareholders. We have joined more than 90 organisations across Australia that have attained certified carbon neutrality, leading to over 22 million tonnes of carbon emissions being offset, which is the equivalent of taking all of Sydney's cars off the road for two years."

COVID-19 impact

The Company is encouraged by the easing of domestic border restrictions across Australia during December 2020, and we look forward to an increase in our ability to further progress operational activity in 2021.

COVID-19 is having some indirect impacts on Australian Mines and the broader industry. Tesla's Battery Day postponement from April 2020 to September 2020, combined with the scheduled (temporary) shutdown of some electric vehicle-related manufacturing plants in the northern hemisphere due to the COVID-19 pandemic, has had the effect of elongating Australian Mines' negotiating period with potential offtake partners.

COVID-19 linked travel restrictions have also prevented the ease and immediacy of face-to-face negotiations with potential offtake partners and project financiers and delayed resource expansion work at Sconi. (This expansion work has the potential to significantly expand Sconi's existing cobalt & nickel mineralisation footprint¹²).

Australian Mines has embraced digital technologies to ensure the Company maintains its focus on safe working practices for its employees, securing binding offtake agreement/s, and the project financing that will progress Sconi to production. The Company has continued pre-development work at Sconi, despite pre-construction work being tempered by COVID-19

¹¹ <https://www.climateactive.org.au/buy-climate-active/certified-brands>

¹² Australian Mines Limited, Additional nickel and cobalt targets identified at Sconi, released 15 May 2020

restrictions. The Company has also developed plans to commence resource expansion work at Sconi, which is ready to be executed now that travel restrictions are beginning to ease.

Norwest Minerals

In late October, Australian Mines announced¹³ its intention to put a resolution to shareholders at a general meeting to undertake a capital return via an in-specie distribution of its remaining shareholding in Norwest Minerals Limited (ASX: NWM). Due to timing issues, the proposed resolution was unable to be added to the 2020 Annual General Meeting agenda.

It remains the Company's intention to pursue the resolution of a capital return and in-specie distribution of NWM shares as soon as practicable, with current indications being that the that the Notice of Meeting in relation this matter, will be distributed to shareholders during the March 2021 quarter¹⁴.

Sconi Project, Queensland

Destined to be one of the lowest cost cobalt-producing nickel operations globally

Located about 250 kilometres inland from Townsville in North Queensland, Australian Mines' 100%-owned Sconi Project, once developed, is forecast to be one of the most cost-competitive cobalt-producing nickel operations in the world¹⁵, and places the Sconi Project in the lowest cost quartile compared to other existing and proposed analogous operations globally^{16,17} (see Figures 1 and 2 of this report).

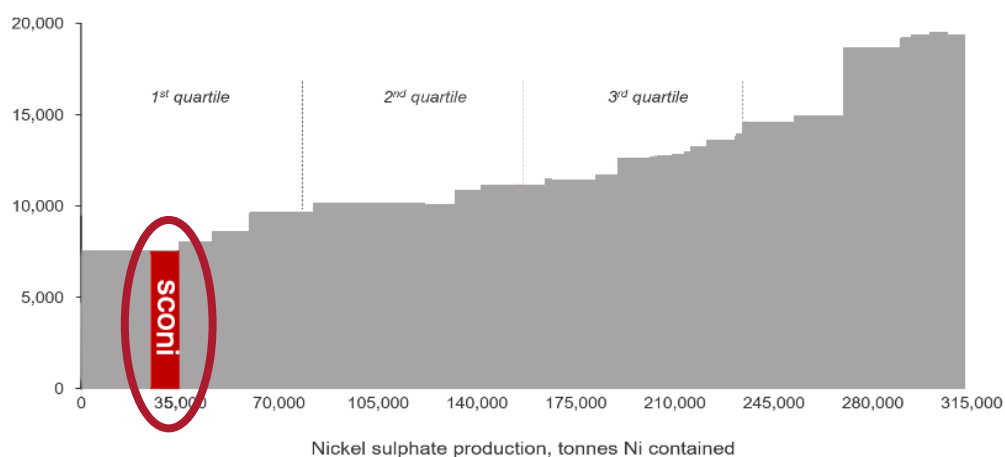


Figure 1: Nickel sulphate cost curve 2025, nominal USD per tonne of nickel contained¹⁸

¹³ Australian Mines Limited, Australian Mines to distribute its Norwest Minerals shareholding to investors, released 26 October 2020

¹⁴ This timing is subject to change

¹⁵ 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 2019

¹⁶ 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 2019

¹⁷ Based on the outcomes of the financial modelling that was released in Australian Mines' base case Bankable Feasibility Study (BFS) – see Australian Mines' announcement titled BFS supports strong commercial case for developing Sconi, which was released via the ASX on 20 November 2018

¹⁸ 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 2019

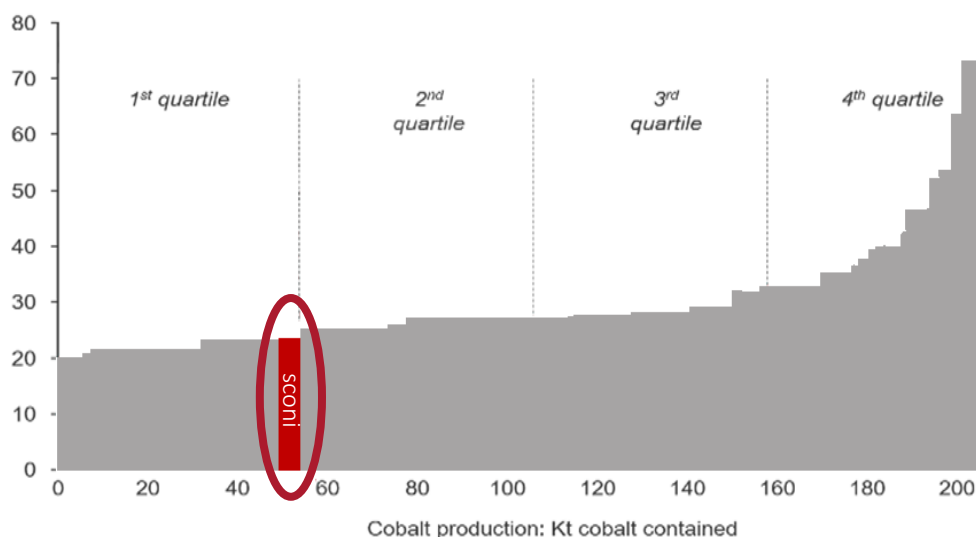


Figure 2: Pro rata cost curve of cobalt producers 2025, Nominal USD per lb cobalt¹⁹

Leadership in technology metals

Australian Mines recognized, early on, an acceleration of the global macro trend to transition from fossil fuels to renewable energy and the subsequent rapid growth of the electric vehicle (EV) and energy storage sectors.

In 2016, the Company commissioned researchers to undertake a detailed review of every cobalt-nickel project in the world and rank them against a range of parameters including: sovereign risk, size of resource, scale of potential operation, access to existing infrastructure and quality of the ore. Based on these parameters, the Sconi Project was ranked amongst the best in the world.

In 2017, Australian Mines made a strategic decision to purchase the Sconi Project from Metallica Minerals Limited²⁰. The following year, the Company also completed the purchase of 100% of the Flemington Project from Jervois Mining Limited²¹. The acquisitions created a pathway for Australian Mines to become one of the world's most cost competitive producers and suppliers of technology metal materials through the development of the world class Sconi Project to production phase followed by developing and incorporating the nationally significant Flemington Project into the long-term production profile.

The Sconi Project, was acquired for \$10 million in 2017 and, following exploration and development work that included a Bankable Feasibility Study (BFS), which projected a Net Present Value (NPV) of \$1.47 billion²².

¹⁹ 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 2019

²⁰ Australian Mines Limited, Australian Mines completes Sconi Project transaction for 100% ownership, released 8 December 2017.

²¹ Australian Mines Limited, Australian Mines to acquire 100% interest in Flemington Cobalt-Nickel-Scandium Project, New South Wales, released 27 August 2018.

²² Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019.

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.

The Flemington Project was purchased for \$5 million in 2018. In the Scoping Study on the project SRK indicated it has the potential to generate an after-tax cash flow of \$677 million²³.

Australian Mines' track record of adding value to its portfolio assets is a strong endorsement of the Board's vision of generating substantial wealth for shareholders by being an early mover into the international EV supply chain sector from the Tier 1 jurisdiction of Australia.

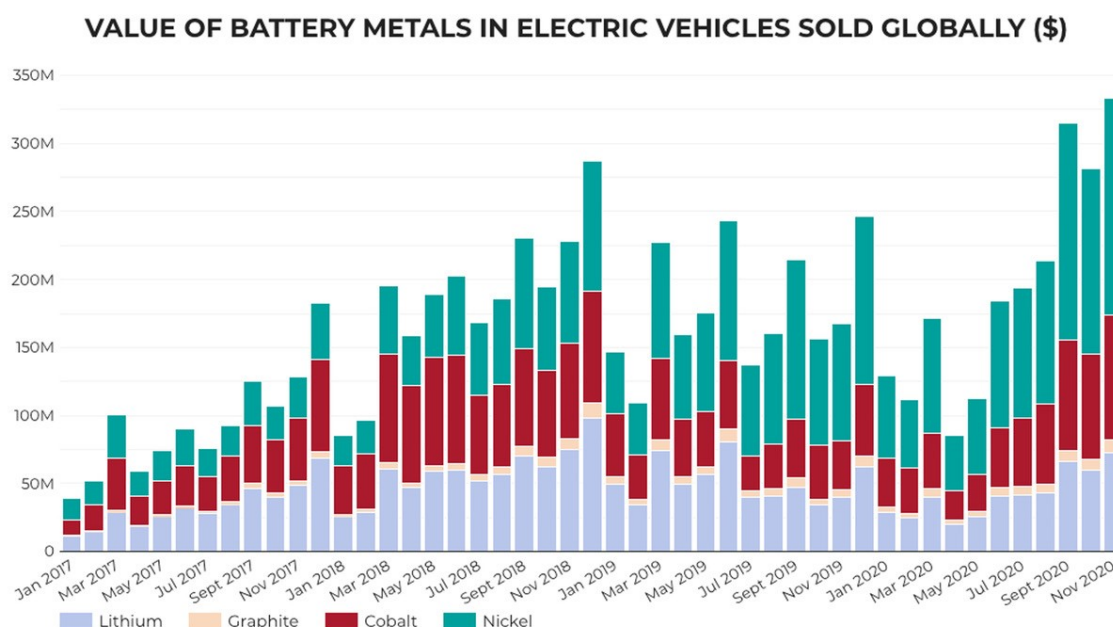


Figure 3: Breakdown of the value of the metals contained within an electric vehicle battery. Note that values of the nickel and cobalt metal within a battery dwarf that of graphite and are usually also exceed that of lithium (source: <https://www.mining.com/cobalt-price-rally-lifts-ev-metal-index-to-fresh-record-high/>).

Positive Bankable Feasibility Study supports Sconi's development

The Sconi Project's Bankable Feasibility Study, completed in 2018 and updated in 2019²⁴, verified the cobalt, nickel and scandium ore body²⁵ at Sconi could be extracted and processed on commercially attractive terms through the development of open pit mining operations and an on-site processing plant.

²³ 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.

²⁴ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019.

²⁵ See Appendix 2 of this report for full details of the Ore Reserve for the Sconi Project

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

The key findings²⁶ from the BFS are summarised below;

- Expected mine life of 30+ years
- Mineral Resource tonnage exceeds 115 million tonnes
- Contained metal quantities:
 - 738,359 tonnes of nickel and
 - 71,757 tonnes of cobalt
- Total capital costs of US\$974 million
- Life-of-Mine total revenue; A\$13.27 billion
- Total free cash flow: A\$5 billion
- **NPV_(8%): A\$1.47 billion**
- Forecasted to be one of the most cost-competitive cobalt-producing nickel operations globally

Importantly, the Project's Mineral Resource²⁷ still remains open and there are at least 19 potential additional nickel/cobalt targets that require further drill testing to fully evaluate²⁸.

However, with a current mine life of more than 30 years, based on already defined resources, there would be minimal immediate benefit to spending additional capital to simply drill out the targets and expand the resource further.

Indicative conversations with potential offtake partners suggest that they are seeking agreements with terms up to 10 - 15 years, so a life of mine of 30 + years more than satisfies their criteria.

Track record of on-spec battery precursor material supply

Australian Mines' proposed Sconi processing plant will utilise proven, industry-standard technology, which has been comprehensively tested over a number of years via the Company's demonstration-scale plant in Perth, Western Australia.

Recognising the importance of proving both the robustness of the HPAL (High Pressure Acid Leach) technology as well as Australian Mines' ability to repeatedly deliver on-spec products to a future offtake partner, in 2017 Australian Mines took the rare step (for the industry) in committing to building and operating a pilot-scale processing plant.

At the same time, the Company undertook a global search for an experienced HPAL / laterite nickel leading engineer to oversee the demonstration plant. This resulted in Mr. Tim Maclean joining Australian Mines as the Company's Chief Operating Officer in July 2017.

²⁶ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

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.

²⁷ See Appendix 3 of this report for full details of the Mineral Resource for the Sconi Project

There has been no Material Change or Re-estimation of the Ore Reserve since this 21 October 2019 announcement by Australian Mines.

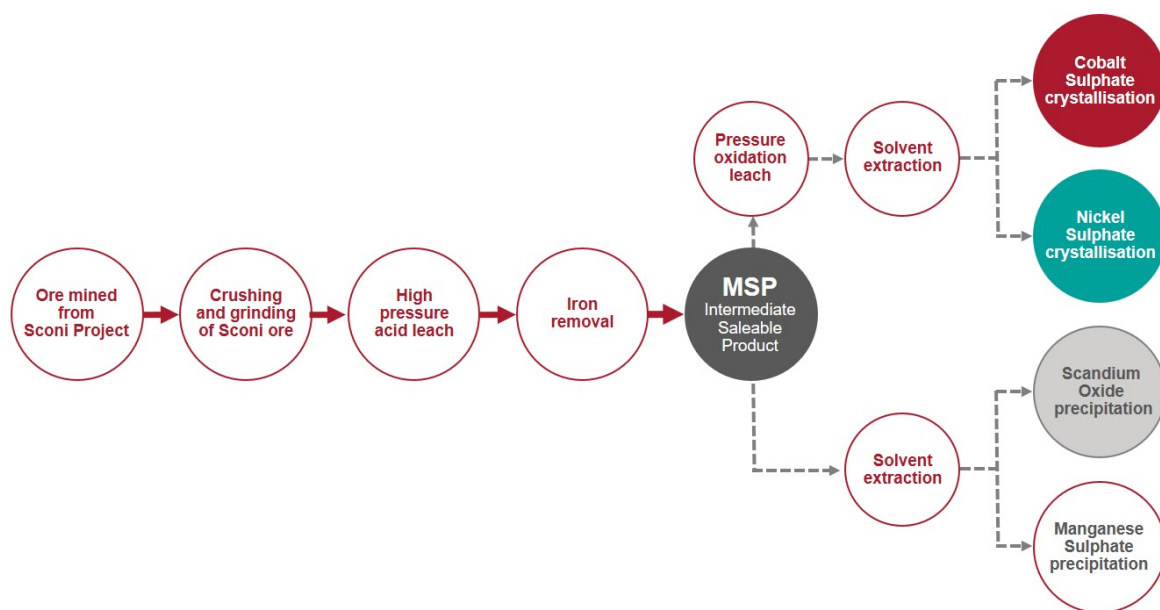
²⁸ Australian Mines Limited, Additional nickel and cobalt targets identified at Sconi Project, North Queensland, released 15 May 2020.

Sample nickel sulphate and cobalt sulphate crystals produced from Sconi ore using the Company's own demonstration (or pilot) plant have since been independently assessed by a range of potential offtake partners and found to meet their exacting standards.

Australian Mines, through its negotiations with potential offtake partners, gains insights into the requirements of the electric vehicle battery industry. As a result, the Company has built flexibility into the design of the proposed processing flowsheet to ensure the output from the Sconi processing plant continues to meet the required specifications and so the products required by our potential offtake partners can be adapted to future evolutions in electric vehicle battery chemistry.

Currently, the design of the Sconi processing plant is configured to produce 7 units of nickel sulphate for every 1 part of cobalt sulphate. This approximates the requirements for the emerging NCM 811 battery, which utilises 8 parts Nickel, 1 part Cobalt and 1 part Manganese. The high nickel content in NCM 811 batteries leads to higher energy density, which means the battery can store more energy.

During the reporting period, Australian Mines has successfully bench tested the production of manganese sulphate crystals from Sconi ore and has the flexibility within the proposed Sconi processing plant to potentially produce the same number of manganese sulphate units per year as cobalt. This means Sconi has the potential to align its annual output to mirror an NCM811 battery chemistry in all three key battery precursor materials (namely, nickel, cobalt and manganese).



MSP – Mixed Sulphide Precipitate

Figure 4: Australian Mines' proposed flowsheet for its 2 million tonnes per annum plant at the Sconi Project in North Queensland, Australia. This proposed processing flowsheet is based on proven, industry-standard technology that has been optimised by Australian Mines through the development and operation of the Company's demonstration-scale process plant in Perth, Western Australia.



Figure 5: Collage of photographs taken of Australian Mines' demonstration scale processing plant in Western Australia, including images of the final cobalt sulphate (pink) and nickel sulphate (blue/green) and the intermediate mixed sulphide precipitate (MSP; black), which are routinely being produced.

Ability to meet all current electric vehicle battery chemistries

A clear example of our aforementioned demonstration plant's design versatility is that the plant is now being used successfully to produce high value-add precursor cathode active material known as "P-CAM" for NCM lithium-ion batteries as Australian Mines seeks to extract additional value from the Sconi Project.

This move into P-CAM production is at the request of a number of potential industry partners and the results to date have been highly positive.

Having successfully produced P-CAM for NCM523 and NCM622 lithium-ion batteries during 2020, the Company commenced a series of production runs of precursor cathode active material (P-CAM) for NCM811 lithium-ion batteries during the December 2020 quarter.

Additional production runs of NCM P-CAM as well as NCA (Nickel-Cobalt-Aluminum), NM (Nickel-Manganese) and NCMA (Nickel-Cobalt-Manganese-Aluminum) are also proposed for 2021 as the Company seeks to finalise its offtake discussions with interested partners.

Economic advantages of producing P-CAM materials for the battery sector

The table below demonstrates the rapid and material price escalation of these precursor chemicals in comparison to the sulphates that could be applicable should Australian Mines move along the production chain.

The improved economics of selling P-CAM over sulphate is currently driving the direction of our offtake discussions. The margins on the P-CAMs, be it NCM 523, 622 or 811, are very attractive (compared to selling sulphates) with the additional capex related to producing P-CAM precursors (from sulphates from the Sconi plant) currently subject to a scoping study.

Material	Price (\$AUD)	Units
NCM 523 CAM	27.26	Per kg
NCM 622 CAM	32.48	Per kg
NCM 811 CAM	43.50	Per kg
NCM 523 P-CAM	17.75	Per kg
NCM 622 P-CAM	19.26	Per kg
NCM 811 P-CAM	19.84	Per kg
Nickel sulphate	5.34	Per kg
Manganese sulphate	1.45	Per kg
Lithium hydroxide	49.30	Per kg

Table 1: Current market prices for P-CAM, CAM and precursor materials (from Li-ion battery cathode manufacture in Australia – a report released by the Future Battery Industries CRC in 2020)

Offtake negotiations advancing

The Company continues to progress offtake negotiations with a number of interested third parties. Those discussions have moved to an advanced negotiation stage including key terms such as pricing, volumes and timelines.

These preliminary, incomplete and confidential discussions are ongoing, and the Company will update the market at the time any agreement/s are reached.

Securing an offtake agreement is a key step to unlocking the significant shareholder value within the Sconi Project. The process for securing a binding offtake agreement has many elements, some of which have been impacted by the disruption caused by COVID-19 global pandemic. That said, we have made significant progress on important elements that are within Australian Mines' control.

Consequently, the Company remains confident of entering an offtake agreement during calendar year 2021. This confidence is supported by the stage of discussions with potential partners; the work we are doing to make the Sconi Project a very attractive and ethically derived source of advanced battery materials and supportive industry dynamics.

Based on conversations to date with various potential offtake partners, and given the individual demand outlined by each party, it appears more probable that Australian Mines will sign an offtake with a single party for 100% of the annual output from the Sconi Project rather than a series of offtake agreements with multiple parties.

Project financing discussions continuing

Australian Mines continues to engage with a range of project financiers including various credit export agencies, green energy funds, commercial banks, mezzanine financiers, international banks (for both debt and equity).

Most of these engagements are covered by Non-Disclosure Agreements (NDAs) and any advancement of those discussions will be disclosed via the ASX company announcement platform in line with our continuous disclosure obligations.

Interest in financing the Sconi Project has been maintained since the publication of the Bankable Feasibility Study in 2018-19^{29,30}, but remains contingent on a binding offtake agreement/s.

The battery precursor materials that will be produced at Sconi are not commodities quoted on the London Metal Exchange ("LME"). Consequently, any financing agreement will likely require an agreed pricing mechanism to be included in a binding offtake agreement.

As part of current offtake agreement negotiations, consideration is being given to various pricing mechanisms, including an LME (or Fast Markets)-linked price; a long-term fixed price contract; a floating price linked to an LME commodity price but including a pricing floor and ceiling, amongst others. Agreeing a pricing mechanism in a binding offtake agreement will allow project financiers to gain an understanding of the potential revenue outcomes from the Sconi Project, supporting the finalisation of Sconi project financing.

Australian Mines notes that it has significant commercial flexibility to consider a broad range of potential pricing mechanisms because the Sconi Project, once in production, will be in the lowest cost quartile producers of EV battery materials³¹.

Australian Mines is working with its potential financiers and offtake partners to ensure the price mechanism included in any binding offtake agreement/s is acceptable to all parties and maximises value for Australian Mines' shareholders.

Enhancing the value of the Sconi Project's potential

During the quarter, Australian Mines commenced a project with Deakin University's *Institute for Frontier Materials* to support the development of new aluminium alloys using scandium. If successful, this project will further enhance the commercial potential of Australian Mines' Sconi Project given that the current Bankable Feasibility Study for the Sconi Project does not factor in any revenue from scandium (or manganese sulphate) sales³².

The Australian and USA Governments as well as the European Union recently classified scandium as a 'critical commodity', which has highlighted the Sconi Project as a potential source of high purity scandium.

²⁹ Australian Mines Limited, Bankable Feasibility Study Announcement, released 20 November 2019

³⁰ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow over 30-year mine life, released 13 June 2019

³¹ Compared to other existing and proposed analogous operations globally (see Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released via the ASX platform on 12 February 2019)

³² Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

Australian Mines has been selling scandium oxide to interested parties since 2018 with the most recent sale of 50 kilograms of scandium oxide to a single customer being completed in the December 2020 quarter. Australian Mines will continue to offer scandium oxide for sale in 2021 at highly competitive prices.

Again, it is important to reiterate that the sale of scandium oxide is not factored into the current economic model for the Sconi Project. Therefore, any future material sales contract or offtake for scandium oxide signed by Australian Mines only enhances the already attractive business case for Sconi.

In order to protect the Company's emerging customer base for scandium oxide and given that the value of the individual sales to date is below the Company's reporting threshold, Australian Mines does not intend to make public the names of its scandium oxide customers or the exact selling price of its scandium oxide. However, we reiterate that the sales price of its scandium oxide is less than half the US\$1500 per kilogram that the Company has observed being quoted in the economic models of others seeking to operate in this space.

More than an emerging industrial chemicals company: Transitioning Australian Mines into a green energy infrastructure and battery development company

Consistent with Australian Mines' focus on the electric vehicle and energy storage industries, the Company has expanded its research and development capabilities via the establishment of the AML Advanced Materials Limited subsidiary (<https://amlam.co.uk/>).

AML Advanced Materials will seek to leverage the Company's existing research and development activities to become imbedded in the green energy sector. The two principal areas of focus for AML Advanced Materials are power storage and power transmission, which position it as a rapidly emerging green energy infrastructure company.

In addition to commencing the nine-month *Optimising of Scandium containing Aluminium Alloys Project* with research partner Deakin University during the quarter, AML Advanced Materials has continued working towards developing a battery that is targeting an energy density target of at least 400 watt-hours per kilogram³³. This level of energy density would potentially give electric cars a range of more than 1,000 kilometres between charges and could revolutionise the impending electrification of the global heavy haulage / trucking fleet.

A 400 watt-hours per kilogram battery, like that currently being developed by Australian Mines subsidiary, AML Advanced Materials, may also begin to make electric powered commercial airplanes an attractive proposition. It is estimated batteries with a minimum energy density of 400 watt-hours per kilogram will be required to outperform a kerosene (JET A-1) powered jet aircraft and make electric airplanes commercially viable.

The early-stage, preliminary results of the Company's research to create a 400 watt-hours per kilogram battery are encouraging and more detailed information on this project will be made available if, and when, the appropriate patent protections are in place.

Shareholders should note, though, that whilst the initial work is returning positive results, as with all research projects, there is no guarantee that this research will lead to a commercially

³³ By way of a comparison, the 400 Wh/kg level would be 54% higher than roughly 260 Wh/kg that Tesla is using in its vehicles today.

viable product. That said, the Company has committed to expanding its battery development team during the course of 2021 in an effort to accelerate this research and the subsequent development of any resulting technology.

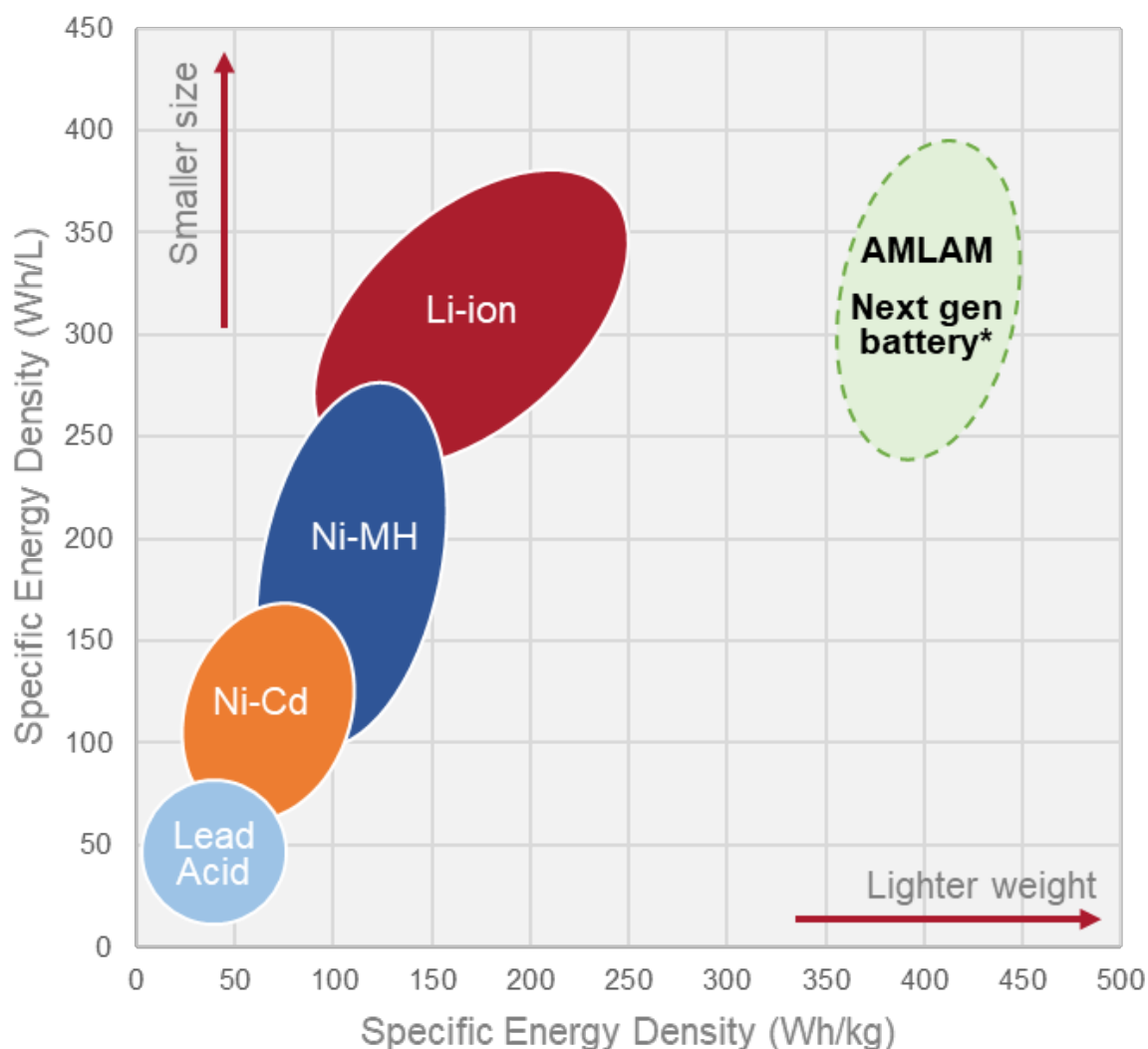


Figure 6: Australian Mines' subsidiary, AML Advanced Materials, is working towards developing the next generation of battery technology with a target of creating a minimum of a 400 watt-hours per kilogram (WH/kg) battery that extends the industry trend to lighter weight batteries with greater energy density³⁴.

³⁴ AMLAM next gen battery envelope (shown in green in the above image) represents the conceptual Specific Energy Density envelope being pursued by AML Advanced Materials. The Company cautions shareholders that although the early-stage results from this research have been positive to date, as with all R&D projects, there is no guarantee that this research will lead to a commercially viable product.

Flemington Project, New South Wales

Cobalt-scandium-nickel mineralisation remains open along strike of existing resource; Porphyry copper-gold target identified, supported by copper observed on surface

Australian Mines' 100%-owned Flemington Project is located approximately 370 kilometres west of Sydney in New South Wales, Australia.

This Project hosts a Mineral Resource of 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 category³⁵.

In late 2019, the Company completed a resource expansion drilling program at Flemington³⁶, with the resulting assay³⁷ indicating that the cobalt-scandium-nickel mineralisation potentially remains open to the west and north of the existing Resource.

In addition to cobalt, scandium and nickel mineralisation, a recently completed independent review of the Flemington Project identified several new gold and copper targets that warrant follow-up exploration³⁸. Referred to as *Target A* and *Target B* in the Company's June 2020 announcement³⁹, these targets appear analogous to copper-gold discoveries across the Lachlan Fold Belt⁴⁰, being the geological terrane that hosts Australian Mines' Flemington Project.

Australian Mines is encouraged that surface copper has been observed by the Company's exploration team in the vicinity of *Target A*⁴¹ (see Figures 7 and Figure 8 of this report).

Australian Mines' exploration priorities at Flemington for the 2021 calendar year, therefore, includes undertaking further surface geochemical sampling programs coupled with the possible commissioning of an induced polarisation survey over these two prospective copper gold targets (being *Target A* and *Target B*) to better define any anomalies that may be indicative of Boda-style copper-gold mineralisation at depth, in advance of a targeted drilling program.

A shallow soil sampling program is also being planned to test the tenor of gold and platinum mineralisation previously noted⁴² within the Company's project area (*Target C*: see Figure 7 of this report).

³⁵ The Company is not aware of any new information or data that materially affects the information included in the market announcement released by the Company on 31 October 2017 in respect of the Flemington Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.

³⁶ Australian Mines Limited, Resource extension drilling commences at Flemington project, released 2 October 2019

³⁷ Australian Mines Limited, Additional targets identified at Flemington Project, NSW, released 23 June 2020

³⁸ Australian Mines Limited, Additional targets identified at Flemington Project, NSW, released 23 June 2020

³⁹ Australian Mines Limited, Drilling of base metal targets commences at Thackaringa, released 29 June 2020

⁴⁰ Alkane Resources Gold-Copper Mineralisation at Boda Prospect

http://investors.alkane.com.au/site/PDF/2491_0/DiscoverSignificantPorphyryAuCuMineralisationatBoda

⁴¹ Australian Mines Limited, Quarterly Activities Report for the period ended 30 September 2019, released 23 October 2019

⁴² Australian Mines Limited, Additional targets identified at Flemington Project, NSW, released 23 June 2020

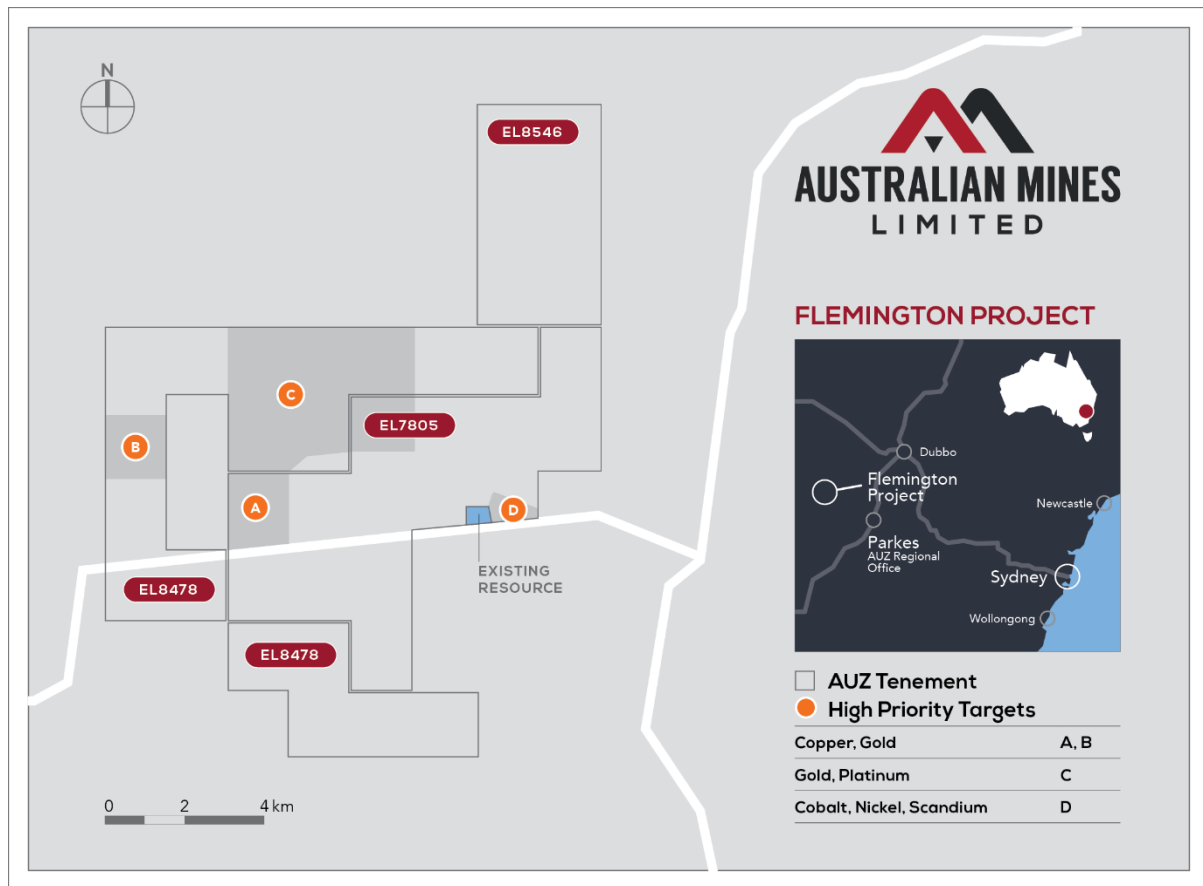


Figure 7: Australian Mines' 100%-owned Flemington Project is located approximately 370 kilometres west of Sydney in New South Wales, Australia. An independent review, which included utilising machine learning, identified four prospective target areas within the Company's Flemington Project (labelled targets A, B, C and D in this figure) that warrant follow-up exploration.



Figure 8: Photographs taken of outcropping copper mineralisation observed at the Company's Flemington Project by Australian Mines' geological team.

Broken Hill Project, New South Wales

Sulphide mineralisation with anomalous lead, zinc, silver and copper intersected; Geophysics suggests higher grade sulphide mineralisation may be present

Australian Mines' 100%-owned Broken Hill Project is an early-stage lead-zinc-silver (+ copper) exploration project located near Broken Hill in New South Wales, Australia (see Figure 9).

During the quarter, the Company announced positive results from the maiden drilling program at Broken Hill, which included intersecting a significant 22-metre-thick zone of copper enrichment and silver at grades of up to 113 grams per tonne at the Alpha 1 target⁴³.

Significantly, all holes drilled as part of this maiden exploration program intersected the same host geology as the nearby supergiant lead-zinc-silver orebody at Broken Hill, with all holes likewise intersecting sulphide mineralisation with anomalous lead, zinc, silver and copper⁴⁴.

During the reporting period, the Company also completed a series of down-hole electromagnetic surveys of the Alpha 1 and Alpha 5 targets at Broken Hill together with separate moving loop electromagnetic and induced polarisation surveys over the Alpha 5 target (see Figure 10).

In combination, the drilling program and down-hole electromagnetic surveys at Alpha 1 successfully identified an interpreted off-hole conductive source, which, given its geophysical characteristics, appears suggestive of higher grade sulphide mineralisation⁴⁵ (see Figure 11). Subsequently, Australian Mines is proposing to drill test this off-hole conductor during the 2021 calendar year. Further details of this program will be announced closer to its commencement date.

Interpretation of the results from the down-hole electromagnetic, moving loop electromagnetic and induced polarisation surveys at the Alpha 5 target similarly indicates that a conductive source may be present in close proximity to where Australian Mines drilled its recent reverse circulation (RC) holes⁴⁶. In this case, the geophysical data suggests that this body is located immediately east of the Company's recent drilling, has a low resistivity, dips to the west with the conductivity of the body becoming stronger with depth (see Figure 12). Australian Mines proposes to drill test the buried conductor at Alpha 5 during the 2021 calendar year, with further details to be announced closer to the program's commencement date.

⁴³ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

⁴⁴ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

⁴⁵ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

⁴⁶ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

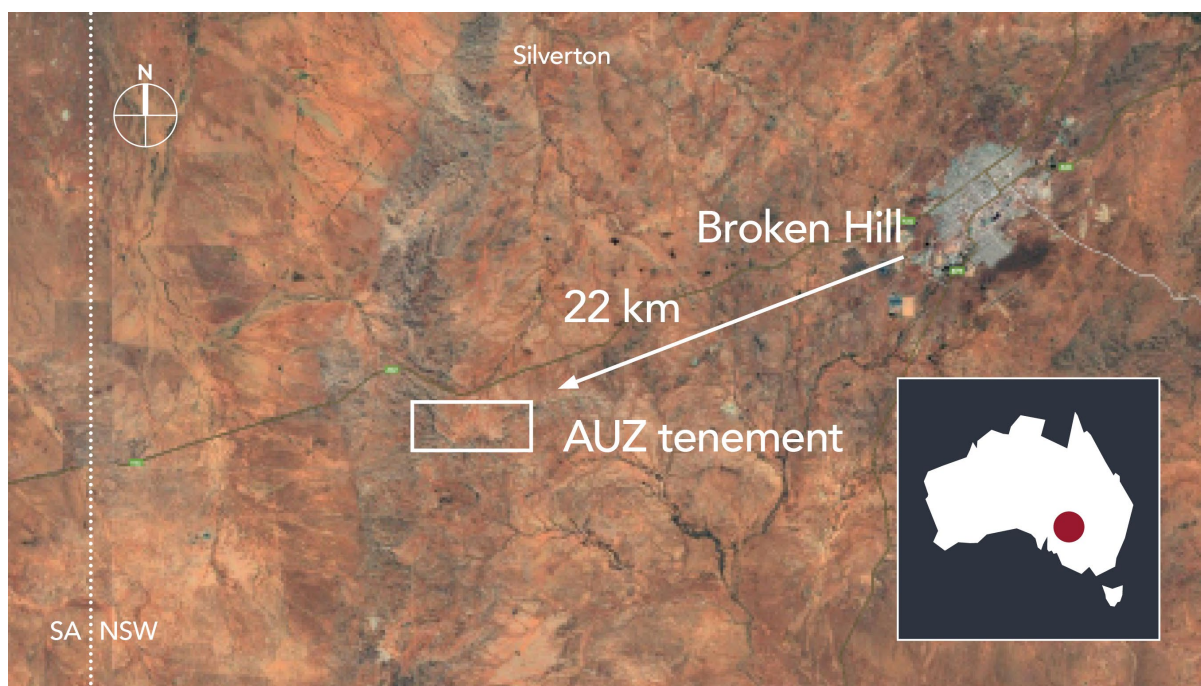


Figure 9: Australian Mines' Broken Hill Project is located along strike of, and has the same interpreted geology as, the nearby supergiant Broken Hill lead-zinc-silver deposit.

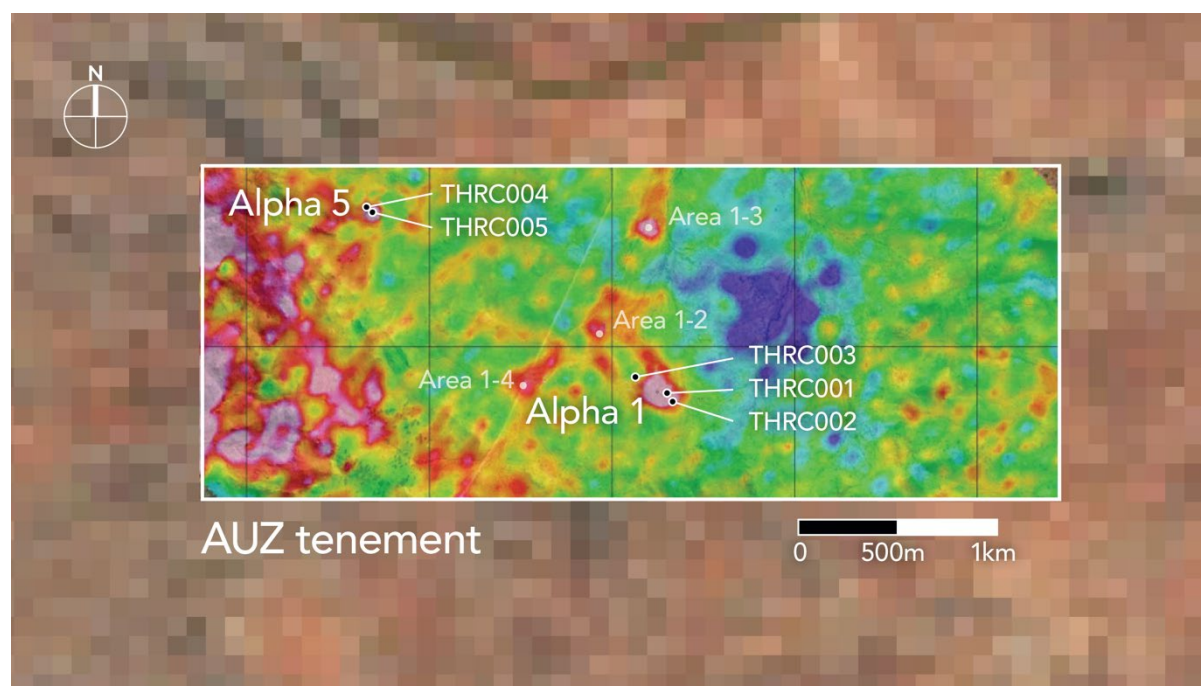


Figure 10: Drill collar location map relative to airborne Versatile Time Domain Electromagnetic (VTEM) anomalies at Australian Mines' Broken Hill Project in New South Wales, Australia.

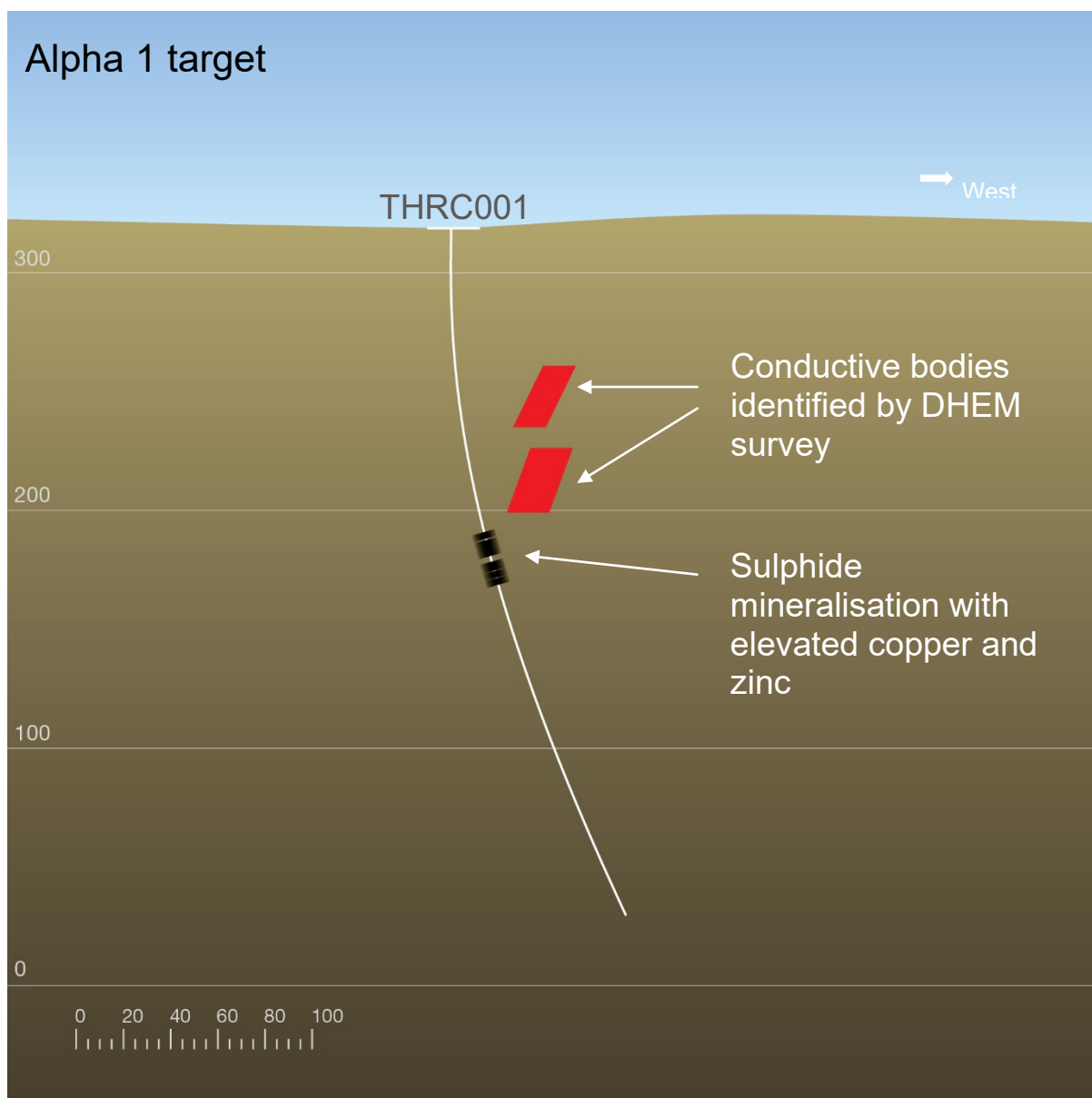


Figure 11: Modelling of the down hole electromagnetic (DHEM) data acquired during Australian Mines' maiden drilling program at Broken Hill suggests that the main conductive source at Alpha 1 is nearby to the significant zone of copper enrichment logged in drill hole THRC001. These off-hole conductors are interpreted as weak to moderate conductors and are considered by the Company's consulting geophysicists to be worthy of follow-up drilling⁴⁷.

⁴⁷ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

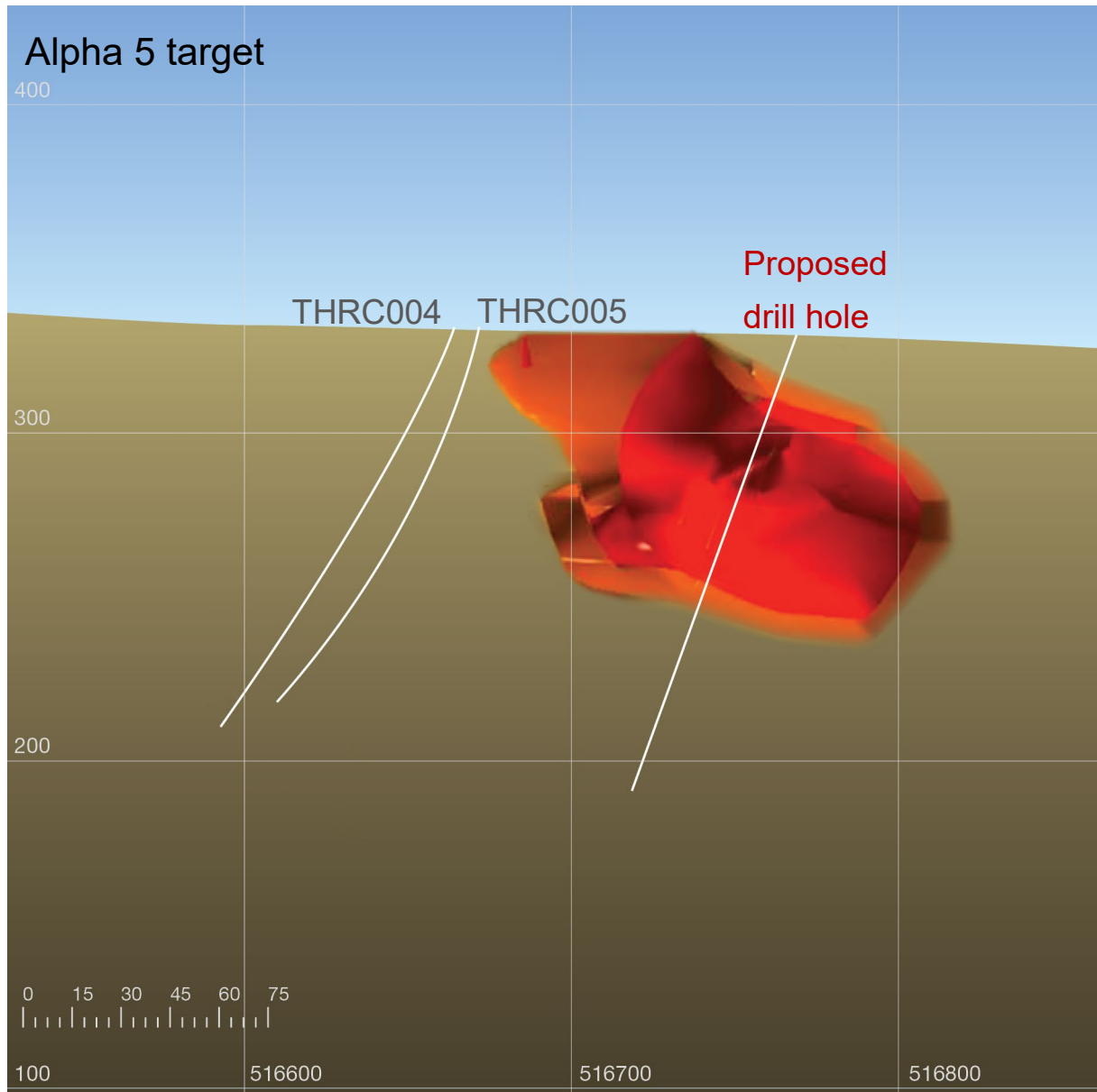


Figure 12: Drill holes THRC004 and THRC005 were targeting a Versatile Time Domain Electromagnetic (VTEM) anomaly at the Alpha 5 target. Interpretation of the moving loop electromagnetics and induced polarisation surveys, post drilling, suggests that the weak VTEM anomaly is sourced to the east of the original target, has a low resistivity, dips to the west and is stronger at depth (as shown by the red shaded polygon in this image). Holes THRC004 and THRC005 have low metal values throughout their entire length, except for a small interval of 2 metres @ 0.13 g/t gold and 0.14% copper from 81 metres down hole in THRC005. This interval, which contains trace amount of sphalerite (zinc sulphide) and galena (lead sulphide) highlights that a source for these metals (namely, lead-zinc-silver+gold) is potentially present in close proximity to these holes at the Alpha 5 target⁴⁸.

⁴⁸ Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

This ASX announcement has been approved and authorised for release by Benjamin Bell, Managing Director of Australian Mines Limited.

Benjamin Bell
Managing Director
Australian Mines Limited

info@australianmines.com.au
www.australianmines.com.au



Australian Mines is a member of IRMA, the Initiative for Responsible Mining Assurance. This means we are participating in, and supporting, credible independent third-party verification and certification against a comprehensive best-practice standard that addresses the range of environmental and social issues related to industrial-scale mines.

Additionally, Australian Mines 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, minimizes harm to the environment, and leaves positive legacies.



Appendix 1: Summary of Expenditure

	Total as per Cashflow Appendix 5B	Sconi Project	Flemington Project	Broken Hill Project
Exploration & Evaluation	203,904	0	72,771	131,133
Development	425,074	425,074	0	0
Total	628,978	425,074	72,771	133,133

Table A1-1: Project development, exploration and evaluation expenditure (in Australian dollars) by Australian Mines for the period ended 31 December 2020.

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 \$151,000 which constitutes director fees, salaries and superannuation.

An amount of \$32,000 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.

The administration and corporate costs shown in item 1.2 of Australian Mines' accompanying Appendix 5B for the period ended 31 December 2020 represent the general costs associated with operating a publicly listed entity, including (but not limited to): ASX listing and share settlement fees; share registry fees and charges; legal and accounting fees; preparation and distribution of the Company's 2020 Annual Report and Notice of Meeting to shareholders; and office rents and services.

As indicated by its accompanying Appendix 5B, Australian Mines' operations (ex. Sconi plant construction) are fully funded into the 2022 calendar year, thus enabling the Company to continue to advance its projects and research at levels consistent with preceding years.

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
	TOTAL	57.30	0.58	0.08	35

Table A2-1: Sconi Project Ore Reserve summary based on variable nickel equivalent cut-off between 0.40% 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: Mineral Resource Estimates

Sconi Project, Queensland, Australia

(Effective 14 February 2019)⁴⁹

Classification	Tonnes (million tonnes)	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 (million tonnes)	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 (million tonnes)	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%)

⁴⁹ 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 6 of this report.

Classification	Tonnes (million tonnes)	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 Resource⁵⁰

(Lower cut-off grade: Nickel equivalent 0.45%).

Classification	Tonnes (million tonnes)	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 Resource⁵¹

(Lower cut-off grade: Nickel 0.45%)

⁵⁰ 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.

⁵¹ 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.

Nickel equivalent (NiEq) calculations are described in detail in Appendix 6 of this report.

Flemington Project, New South Wales, Australia

(Effective 31 October 2017)⁵²

Classification	Tonnes (million tonnes)	Cobalt (%)	Scandium (ppm)
Measured	2.5	0.103	403
Indicated	0.2	0.076	408
Total	2.7	0.101	403

Table A3-6: Flemington Mineral Resource

(Lower cut-off grade: Cobalt 0.03%)

⁵² The Mineral Resource Estimates 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 4: Competent Persons' Statements

Sconi Project, Queensland, Australia

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 Oreology 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.

Flemington Project, New South Wales, Australia

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.

Broken Hill Project, New South Wales, Australia

The information in this report that relates to the Broken Hill Project's Exploration Results is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types 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 Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Appendix 5: 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.

There are forward looking statements in this document relating to the outcomes of the Sconi Project Bankable Feasibility Study 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 6: Nickel Equivalent Calculation – Sconi Project, Queensland

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

$$\text{NiEq} = \frac{(\text{nickel grade} \times \text{nickel price} \times \text{nickel recovery}) + (\text{cobalt grade} \times \text{cobalt price} \times \text{cobalt recovery})}{(\text{nickel price} \times \text{nickel recovery})}$$

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

Foreign exchange rate - US\$:A\$ = 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 at 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 7: 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	MLA 10368	Pending	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%
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	ELA 5495	Pending	100%
New South Wales	Flemington	MLA 538	Pending	100%
New South Wales	Broken Hill	EL 8477	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
Queensland	Sconi	EPM27529	Granted	100%	The Queensland Department of Natural Resources, Mines and Energy (DNRME) granted EPM27529 to Australian Mines' wholly owned subsidiary Sconi Mining Operations Pty Ltd for a term of five years from 16 December 2020.
Western Australia	Unallocated	E04/2529	Pending	100% when granted	Under application

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
-	-	-	-	-	-