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Australian Mines' Mineral Resource tonnage in Queensland exceeds 115 million tonnes

HIGHLIGHTS:

- **New Mineral Resource Estimate reported[1] for Bell Creek Nickel-Cobalt Project**
  - **25.8 million tonnes @ 0.72% nickel and 0.04% cobalt[2]**
- **Mineral Resource Estimate of advanced Minnamoolka Project**
  - **14.7 million tonnes @ 0.66% nickel and 0.03% cobalt[3]**
- **When combined with its Sconi Project's Mineral Resource 75.7 million tonnes @ 0.60% nickel and 0.08% cobalt[4], the overall tonnage of Australian Mines' Queensland cobalt-nickel projects now exceeds 115 million tonnes**
- **Boosts the contained cobalt and nickel metal quantities of Australian Mines combined Queensland projects to[5]:**
  - **738, 359 tonnes of nickel**
  - **71, 757 tonnes of cobalt**

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[1] See Table 1 and Appendix 5 of this report

[2] See Table 1 and Appendix 5 of this report. The Mineral Resource for Bell Creek, as detailed within this report is: Measured 11.4Mt @ 0.84% Ni, 0.05% Co; Indicated 12.7Mt @ 0.64% Ni, 0.03% Co; Inferred 1.7Mt @ 0.55% Ni, 0.03% Co.

[3] See Table 2 of this report. The Mineral Resource for Minnamoolka, as outlined in this report is: Indicated 11.8Mt @ 0.66% Ni, 0.03% Co; Inferred 2.9Mt @ 0.64% Ni, 0.02% Co.

[4] The Mineral Resource for the Sconi Project was released by Australian Mines via the ASX Announcements platform on 14 February 2019 and is detailed in Tables 3, 4 and 5 of this report. The Mineral Resource for the Sconi Project, as outlined in the 14 February 2019 report is: Measured 8.27Mt @ 0.75% Ni, 0.09% Co; Indicated 49.24Mt @ 0.60% Ni, 0.08% Co; Inferred 18.2 Mt @ 0.54% Ni, 0.05% Co. 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 14 February 2019 in respect of the Sconi Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.

[5] See Tables 1 to 5 of this report

- **100% owned Bell Creek Nickel-Cobalt Project and Minnamoolka Nickel-Cobalt Project were acquired by Australian Mines for nil additional cost as part of previous Sconi Nickel-Cobalt-Scandium Project transaction[6]**

- **Located 115 kilometres north, and within trucking distance of Australian Mines' proposed Sconi processing plant[7]**

- **Bell Creek Project is an advanced, pre-development project benefitting from:**
  - **Existing granted Mining Lease covering the Mineral Resource**
  - **Extensive and detailed metallurgical test work already completed[8]**

- **Parallel development strategy for Bell Creek and Minnamoolka has the potential to:**
  - **boost the economics of existing infrastructure investment proposed for Sconi Project,**
  - **lift the production profile for Australian Mines and**
  - **significantly extend the Company's life of operations in Queensland.**

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 a Mineral Resource Estimate[9] for its Bell Creek Nickel-Cobalt Project, which is located 115 kilometres north of the Company's flagship Sconi Cobalt-Nickel-Scandium in North Queensland, Australia.

Acquired as part of the previously completed transaction with Metallica Minerals Limited (ASX: MLM)[10] for nil additional cost, Australian Mines' 100%-owned Bell Creek deposit has been extensively evaluated with more than 60 separate metallurgical test reports completed for the Project[11]. These reports also included detailed work on comminution, heap leaching, metal precipitation, solvent extraction, ion exchange, solution chemistry and dewatering[12].

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[6] Australian Mines Limited, AUZ becomes 100% owner of Sconi Project, released 08 December 2017
[7] Australian Mines, BFS supports strong commercial case for developing Sconi, released 20 November 2018
[8] as part of early feasibility work by previous owner; Metallica Minerals Limited. Australian Mines wishes to remind shareholders that the full results of the Pre-Feasibility Study on the Sconi Project completed by its then joint venture partner Metallica Minerals Limited and announced by Metallica Minerals on 28 March 2013, including the full disclosure on the Mineral Resource and the published cobalt, nickel and scandium production targets, were comprehensively reviewed and confirmed by Australian Mines' Competent Person, and subsequently released via the ASX Announcement Platform on 31 March 2017.
[9] See Table 1 and Appendix 5 of this report. As the Bell Creek Project appears to offer a credible option to Australian Mines as a low-cost satellite mining operation that warrants the Company considering constructing an on-site beneficiation plant at Bell Creek to produce a concentrated feed for potential trucking to the proposed Sconi processing plant, Australian Mines commissioned leading mining consultant company, CSA Global Pty Ltd, to estimate a JORC 2012 compliant Mineral Resource for this project – the result of CSA Global's resource estimation work is the subject of this report.
[10] Australian Mines Limited, AUZ becomes 100% owner of Sconi Project, released 8 December 2017
[11] Metallica Minerals Limited, Nornico and Lucky Break Nickel Projects, released 26 February 2008
[12] Metallica Minerals Limited, Presentation Gold Coast Resource Conference, released 11 June 2008

Diagnostic, modelling, laboratory bench scale and pilot test work were conducted for the Bell Creek Nickel-Cobalt Project by numerous organisations prior to the acquisition by Australian Mines[13].

The result of this work was that Metallica Minerals concluded that the project may support a 1.5 million tonne per annum heap leach operation to produce a mixed nickel and cobalt hydroxide precipitate (MHP) using a solvent extraction processing route[14,15].

Australian Mines has commenced evaluating the economics of developing Bell Creek as a stand-alone, low-cost, shallow open-pit satellite mining operations with an on-site beneficiation plant capable of procuring a concentrated feed for potential trucking to the proposed Sconi processing plant.

If successful, such a strategy could materially increase Australian Mines' annual production of battery-grade nickel sulphate and cobalt sulphate precursor chemicals for the electric vehicle sector.

The Bell Creek deposit is already covered by a granted Mining Lease which, potentially streamlines any development of the Resource outlined in Table 1 of this report.

While the Company's primary focus has been on the development of the Sconi Project – consisting of the Greenvale, Lucknow and Kokomo deposits – Australian Mines recognises the potential incremental value that the Bell Creek and Minnamoolka Projects offer as part of the Company's significant planned investment in regional North Queensland, centred on the 2 million tonnes per annum processing plant[16] and associated infrastructure to support Sconi's operations.

As Australian Mines progresses the Sconi Project towards a final investment decision and subsequent construction, the development of known satellite deposits on the regional tenement package could potentially deliver significant value to shareholders.

Resource category	Tonnes (million)	NiEq (%)	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 1: Mineral Resource Estimate[17] of Australian Mines' 100%-owned Bell Creek Project, which is located 115 kilometres north of the Company's flagship Sconi Cobalt-Nickel-Scandium in North Queensland, Australia. Nieq cut-off grade of 0.45%[18].

[13] Australian Mines Limited, Technical Reports, released 31 March 2017
[14] Metallica Minerals Limited, Nornico and Lucky Break Nickel Projects, released 26 February 2008.
[15] After three years of extensive test work and associated activity, Metallica Minerals closed the partially completed bankable feasibility study for the Bell Creek Project as a consequence of the 2009 global financial crisis and the accompanying significant drop in nickel prices. Nickel commodity prices has materially strengthened since Metallica Mineral initiated its bankable feasibility study for the Bell Creek Nickel-Cobalt Project.
[16] Australian Mines, BFS supports strong commercial case for developing Sconi, released 20 November 2018
[17] JORC 2012 compliant Mineral Resource Estimate. See Appendix 5 for supporting JORC Tables
[18] Nieq calculation is described in detail in Appendix 5 of this report.

Resource category	Tonnes (million)	Nickel (%)	Cobalt (%)
Indicated	11.8	0.67	0.03
Inferred	2.9	0.64	0.02
Total	**14.7**	**0.66**	**0.03**

Table 2: Mineral Resource Estimate[19] of Australian Mines' 100%-owned Minnamoolka Project. Cut-off grade of 0.45% Ni[20].

Classification	Tonnes (tonnes)	NiEq (%)	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 3: Mineral Resource Estimate of Australian Mines' 100%-owned Sconi Project (Greenvale deposit)[21]. Nieq cut-off grade of 0.40%[22].

[19] The Mineral Resource for the Minnamoolka Project is reported under JORC 2004 Guidelines and was reported by Metallica Minerals on 19 January 2009. Australian Mines wishes to remind shareholders that the full results of the Pre-Feasibility Study on the Sconi Project completed by its then joint venture partner Metallica Minerals Limited and announced by Metallica Minerals on 28 March 2013, including the full disclosure on the Mineral Resource, were comprehensively reviewed and confirmed by Australian Mines' Competent Person, and subsequently released via the ASX Announcement Platform on 31 March 2017.
The information regarding the Minnamoolka Mineral Resource has been extracted from various announcements released via the ASX Announcements Platform, including Australian Mines' announcement dated 31 March 2017 titled *Technical Reports*, which is available either on the Australian Mines website (www.australianmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "AUZ"). Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.
The Minnamoolka Mineral Resource in this document is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Minnamoolka Project resource will be completed to JORC 2012 Guidelines.
[20] Nieq calculation is described in detail in Appendix 4 of this report.
[21] The Sconi Mineral Resource was released by Australian Mines via the ASX Announcement Platform on 14 February 2019. 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 14 February 2019 in respect of the Sconi Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.
[22] Nieq calculation is described in detail in Appendix 4 of this report.

Classification	Tonnes (million)	NiEq (%)	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 4: Mineral Resource Estimate of Australian Mines' 100%-owned Sconi Project (Lucknow deposit)[23]. Nieq cut-off grade of 0.55%[24]

Classification	Tonnes (tonnes)	NiEq (%)	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 5: Mineral Resource Estimate of Australian Mines' 100%-owned Sconi Project (Kokomo deposit)[25]. Nieq cut-off grade of 0.45%[26]

[23] The Sconi Mineral Resource was released by Australian Mines via the ASX Announcement Platform on 14 February 2019. 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 14 February 2019 in respect of the Sconi Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.
[24] Nieq calculation is described in detail in Appendix 4 of this report.
[25] The Sconi Mineral Resource was released by Australian Mines via the ASX Announcement Platform on 14 February 2019. 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 14 February 2019 in respect of the Sconi Project and all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.
[26] Nieq calculation is described in detail in Appendix 4 of this report.

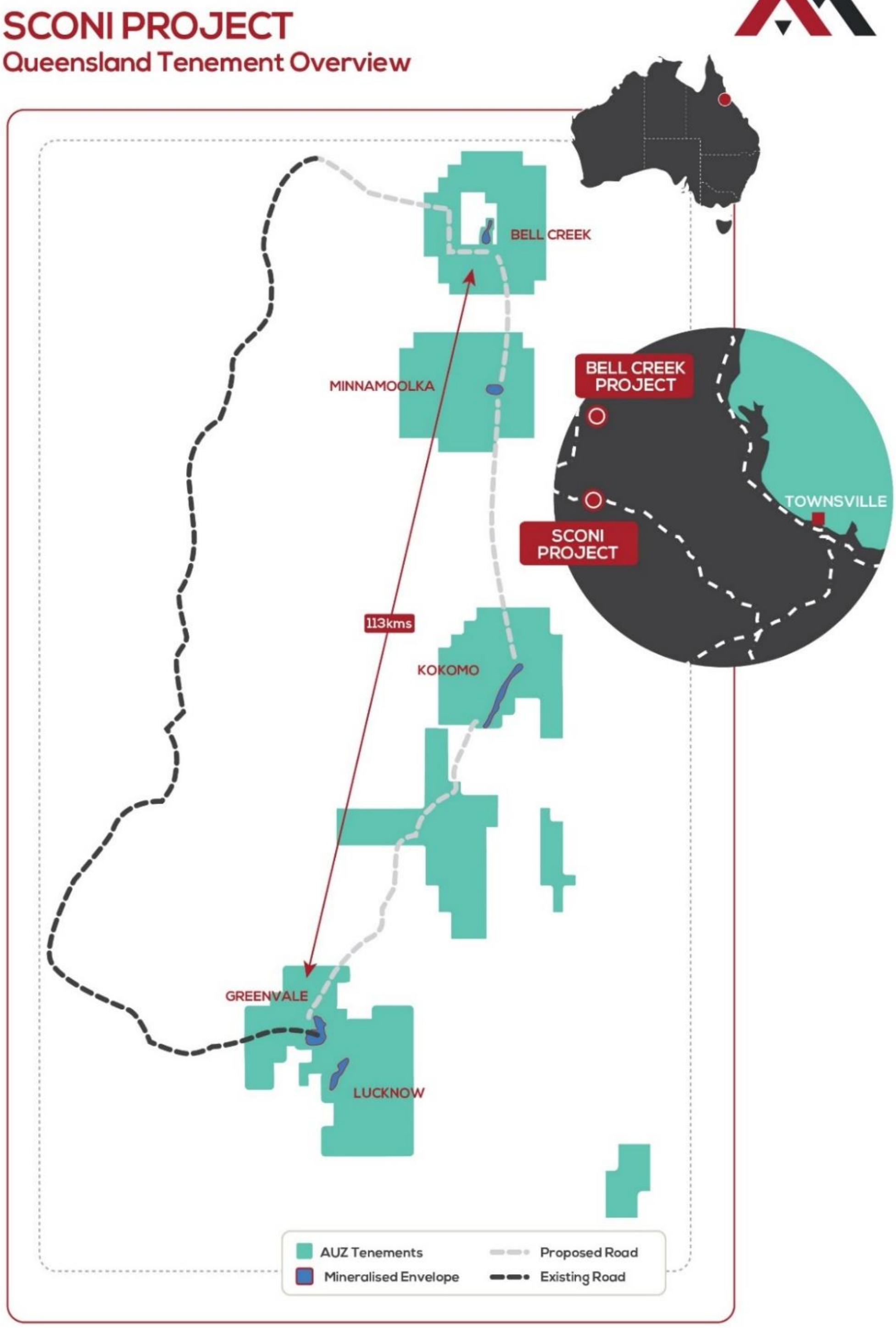

Figure 1: Location of Australian Mines' Bell Creek Nickel-Cobalt Project and Minnamoolka Project in relation to the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland. The mineralised envelopes (highlighted in blue in this figure) remain open along strike.

Australian Mines Managing Director, Benjamin Bell, commented: *"Since taking 100% ownership of the Sconi Project and completing a Bankable Feasibility Study on Sconi last year, our technical team has been assessing the value of the satellite deposits in the wider tenement package in more detail and in the context of our proposed investment in infrastructure in the region."*

"We believe satellite deposits, such as Bell Creek and Minnamoolka, potentially offer currently untapped value to Australian Mines' shareholders as a secondary project, incrementally adding to our future production footprint in North Queensland.

"Our strategy to evaluate the addition of low-cost satellite mining operations close to Sconi in parallel with our project delivery timeline for the larger Sconi Project has the potential to boost the return on our proposed investment in infrastructure around the Greenvale, Charters Towers and surrounding districts as well as increase overall production and extend the life of operations beyond our already robust economic base case".

*****ENDS*****

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Appendix 1: JORC Code 2012 Edition and ASX Listing Rule Requirement

The Company governs its activities in accordance with the industry best practice. The Mineral Resource for the Bell Creek Project is reported according to the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012 Edition), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

Material information summaries for each of the contributors to the updated Mineral Resources Statements reported in this announcement are provided in this report and appended to this announcement in accordance with ASX Listing Rule 5.8 and the Assessment and Reporting Criteria, JORC Code 2012 Edition requirements.

Appendix 2: Competent Persons' Statements

Bell Creek Nickel-Cobalt Project

The information in this report that relates to 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.

Minnamoolka Project

The Mineral Resource for the Minnamoolka Project is reported under JORC 2004 Guidelines and was reported by Metallica Minerals on 19 January 2009. This Resource, and the underlying data and assumptions were comprehensively reviewed and confirmed by Australian Mines' Competent Person, and subsequently stated in a Company announcement that was released via the ASX Announcement Platform on 31 March 2017.

The information regarding the Minnamoolka Mineral Resource has been extracted from various announcements released via the ASX Announcements Platform, including Australian Mines' announcement dated 31 March 2017 titled *Technical Reports*, which is available either on the Australian Mines website (www.australianmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "AUZ"). Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

The Minnamoolka Mineral Resource in this document is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Minnamoolka Project resource will be completed to JORC 2012 Guidelines.

Sconi Cobalt-Nickel-Scandium Project

The Mineral Resource for the Sconi Cobalt-Nickel-Scandium Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited 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 Limited.

The information in this report that relates to 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.

Information in this report that relates to Sconi Cobalt-Nickel-Scandium 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 Limited. 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 is appears.

Appendix 3: Forward Looking Statements

This document may contain 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 an on-going study of the Bell Creek and Minnamoolka Projects 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 document 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. To the maximum extent permitted by law, Australian Mines Limited 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 Limited or Australian Mines Limited's securities.

Appendix 4: Nickel equivalent calculation – Sconi Project

NiEq grades reference in this report were calculated according to the following formula:
NiEq = [(nickel grade x nickel price x nickel recovery) + (cobalt grade x cobalt price x cobalt recovery / (nickel price x nickel recovery)]

The formula was derived using the following commodity prices and recoveries:
Forex 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. Detail supporting the formula are provided further on in this document.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources. 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.

Appendix 5: CSA Global Pty Ltd Mineral Resource Estimate report for Australian Mines' Bell Creek Nickel-Cobalt Project

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EXECUTIVE SUMMARY

CSA Global Pty Ltd (CSA Global) was engaged by Australian Mines Limited (Australian Mines) to update and report a Mineral Resource estimate (MRE) for the Bell Creek nickel laterite deposit located in Queensland. The MRE was previously reported by Metallica Minerals Limited (Metallica) in 2013. The MRE was updated and is reported in accordance with the guidelines of the JORC Code (2012 Edition)[1].

The MRE is presented in Table 1, reported above a NiEq cut-off grade of 0.45%.

Table 1: Mineral Resource statement – Bell Creek Project

JORC Classification	Tonnes* (Mt)	NiEq %	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**

** Tonnages rounded to the nearest 100 Kt. Differences may occur in totals due to rounding.*

NiEq grades are calculated according to the following formula:

NiEq = [(nickel grade x nickel price x nickel recovery) + (cobalt grade x cobalt price x cobalt recovery / (nickel price x nickel recovery)]

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

- Forex 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 10 February 2019, as used to support the reporting of Mineral Resources for the Greenvale, Lucknow and Kokomo MREs at the time (Australian Mines public announcement 14/2/2019).
- 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

[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

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 equivalent calculation have reasonable potential to be recovered and sold. Detail supporting the formula are provided further on in this document.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources. 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, which share similar geological characteristics to Bell Creek.

MINERAL RESOURCE ESTIMATE

The following is a summary of the pertinent information used in the MRE with further details provided in JORC Table 1, which is included as Appendix A.

Geology and Geological Interpretation

The SCONI cobalt-nickel laterite deposits have formed on ultramafic rocks that include serpentinites, meta-gabbros and pyroxenites. These occur as fragments of lower crust material rich in iron, magnesium and nickel, and are thought to be emplaced by shears and faults. The Bell Creek cobalt-nickel laterite deposits formed on serpentinites and amphibolites. It is likely that these laterites formed by a period of prolonged weathering post the Cretaceous era. Ultramafic rocks have a high background level of nickel and cobalt (i.e. 500–2,000 ppm nickel and 60–100 ppm cobalt) and the process of lateritisation has concentrated the nickel and cobalt to grades which could possibly be exploited economically.

The nickel mineralisation at Bell Creek occurs throughout the laterite profile, varying from a siliceous honeycombed laterite, to a clay rich ferruginous laterite, to a basal strongly weathered serpentinite in a saprock zone. The laterite material forms a blanket over the unweathered ultramafic rocks that can vary in thickness from 2 to 20 m. The contact with the basal ultramafic rocks is uneven, and peaks and troughs can be identified in cross section.

Pegmatite dykes, related to a granitic intrusion pre-dating the lateritisation of the deposit, crosscut the lateritic profile and locally stope out the mineralisation. The volume of pegmatitic material is insignificant compared to the volume of laterite.

Two lithological domains were interpreted based upon the geological logs of drill samples; a limonite profile exhibiting elevated iron and suppressed magnesium content, and a lower saprolite zone with suppressed iron and elevated magnesium. An interpretation of the nickel distribution resulted in the delineation of domains constraining >0.3% nickel. An interpretation of the cobalt distribution resulted in the delineation of domains constraining >0.03% cobalt.

A representative cross section through the Bell Creek South deposit showing the nickel mineralisation is presented in Figure 1.

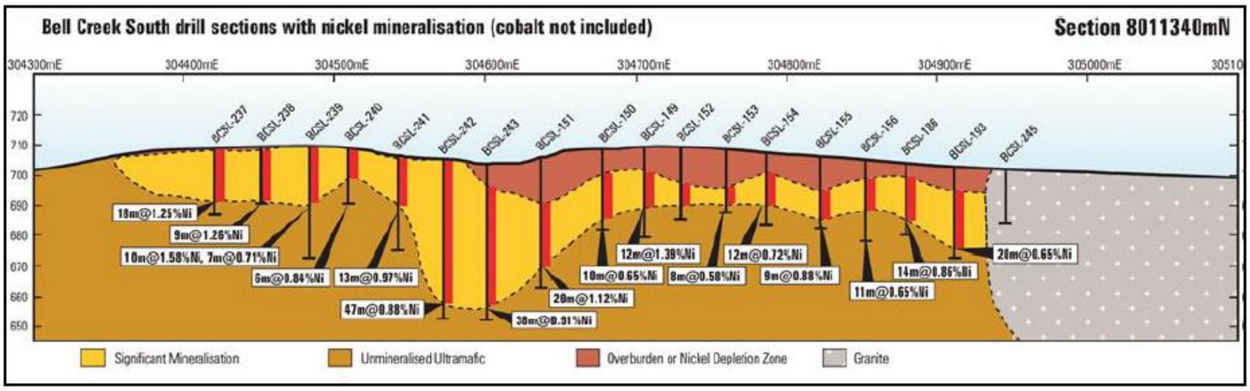

Figure 1: Bell Creek South cross section showing geological profile

Drilling Techniques

Drilling supporting the MRE was carried out using reverse circulation (RC) and diamond (DD) coring methods. Drill spacing was set to 25 m x 25 m grid within the area classified as Measured. Drill spacing was increased to 50 m x 50 m in Indicated areas.

Drill holes that were utilised in the MRE were drilled by Metallica, previous owners of the project. The number of holes and metres of drilling supporting the MRE are RC (1,194 holes for 22,628 m) and DD (48 holes for 1,110 m).

Sampling and Subsampling

RC holes were drilled by Metallica between 1997 and 2007 and sampling was carried out at 1 m intervals. Samples passed through a rig-mounted cyclone and were collected in large plastic bags positioned beneath the cyclone. Samples for dispatch to the analytical laboratory were collected using a spear, with between 1.5 kg and 3 kg collected.

Drilling generally used high air pressure to keep the lateritic samples dry and to maintain good sample recovery. Recovery in the mineralised intervals was good to excellent.

Diamond core were half cored to provide samples for analysis, with sample lengths varying between 1 and 2 m.

Sample Analysis Method

Drill samples were sent predominantly to ALS, and alternatively SGS analytical laboratories for geochemical analyses. ALS samples were dried then pulverised in a LM5 Mill to achieve a nominal 85% passing 75 µm. A pulp sample was then taken and split down to achieve a 0.5 g sample which was digested in a mixture of three acids (nitric, perchloric and hydrofluoric). The residue was then leached in hydrochloric acid and the elemental concentrations of the solution were determined by Inductively Coupled Plasma Atomic Emission Spectrometry (ICP-AES). Internal standards were used for quality assurance (QA).

SGS sample preparation followed a similar subsampling process. The pulp samples were digested in four-acid to effect as near to total solubility of the metals as possible, with the solution presented to an ICP for element quantification.

Sampling and laboratory performance were monitored by way of externally submitted certified reference materials (CRMs), field duplicates and umpire analyses.

Quality control (QC) results were generally good. Field duplicate results for the main constituent elements were plotted against the original sample assay result, with low to minimal variability observed. Two sets of duplicate samples were collected from selected holes and submitted to either ALS or SGS for laboratory umpire analyses. Results demonstrated no bias of one set of laboratory results over the other. Pulp duplicates were taken for the majority of the drill programmes and results show high level of precision between sample pairs.

QC results are deemed to be acceptable by the Competent Person and support the use of the RC and DD samples in the MREs.

Resource Estimation Methodology

A block model with block sizes 10 m (X) x 10 m (Y) x 5 m (Z) was constructed, with sub-celling used at wireframe interfaces. The block sizes are approximately half the drill spacing within areas with tightest drill spacing. Blocks were flagged according to the geological and mineralisation envelopes.

All drillhole assay samples were composited to 1 m intervals. Composited sample data were statistically reviewed to determine appropriate top-cuts prior to grade interpolation. Log probability plots were used to determine the top-cuts, and the very high-grade samples were reviewed in Datamine by the Competent Person to determine if they were clustered with other high-grade samples.

Downhole and directional variograms were modelled for nickel, cobalt, scandium, iron, magnesium, manganese, aluminium, chromium and calcium. Low relative nugget effects were modelled for these with short range structures generally in the order of 15–30 m associated with sills between 55% and 75% of the population variance. The longest ranges for nickel and cobalt were modelled in the saprolite unit. Sample populations were statistically analysed to determine if the populations should be split at the regolith (limonite / saprolite) interface. Major variogram directions were aligned along the strike of the host geological units.

Grades were interpolated for all the grade variables by ordinary kriging, with local dip variations honoured by using Datamine's Dynamic Anisotropy functionality. Blocks were estimated using a search ellipse of 40 m (major) x 40 m (semi-major) x 5 m (minor) dimensions, with a minimum of 8 and maximum of 20 samples from a minimum of four drillholes per cell interpolation. Search radii were increased, and the minimum number of samples reduced in subsequent sample searches if cells were not interpolated in the first pass. Cell discretization of 3 x 3 x 3 (X, Y, Z) was employed. The nickel and cobalt mineralisation domains were used as a hard boundary during grade interpolation.

The interpolated grades were validated by way of review of cross sections (block model and drill samples presented with same colour legend), swath plots, and comparison of mean grades with de-clustered data.

Density was measured from core billets from diamond drillholes using several methods, including water immersion using a sealed sample, calliper method and sample pits. Moisture content was measured by a metallurgical laboratory and used to derive the dry bulk density values for each sample. Density values were calculated for the main lithological rock types as logged from drill samples, and the dry bulk density samples were consequently interpolated into the block model using a nearest neighbour estimation technique.

Classification Criteria

Classification of the Mineral Resource models was carried out taking into account the geological understanding of the deposit, quality of the data, bulk density data and drillhole spacing.

The Mineral Resource is classified as a combination of Measured, Indicated and Inferred, with sufficiently detailed and reliable geological and sampling evidence to confirm geological and grade continuity in the Measured volumes.

The Measured Mineral Resource is supported by regular drill pattern spacing of 25 m (EW) x 25 m (NS). The Indicated Mineral Resource is supported by regular drill pattern spacing of 50 m (EW) x 50 m (NS) and the Inferred Mineral Resource is supported by regular drill pattern spacing of 80 m (EW) x 80 m (NS).

All available data was assessed and the Competent Person's relative confidence in the data was used to assist in the classification of the Mineral Resources.

Reporting Cut-off Grades

A marginal cut-off grade was determined using costs and recovery data as provided to CSA Global by Orelogy, who are retained by Australian Mines to update the Feasibility Study for the SCONI Project.

The Mineral Resource is reported above a cut-off grade of 0.45% NiEq. A Metal Equivalent formulae was used given the Mineral Resource is multi-element. Nickel and cobalt grades are combined using a NiEq cut-off grade according to the formulae below:

NiEq = [(nickel grade x nickel price x nickel recovery) + (cobalt grade x cobalt price x cobalt recovery/ (nickel price x nickel recovery)]

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

- Forex 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 10 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.

Mining and Metallurgical Methods and Parameters

The deposit has not been historically mined. No mining factors were applied to the Mineral Resource block model. Any mining will be by open pit mining methodologies.

Metal recovery data was determined by variability test work of nickel and cobalt solvent extraction during the in-house pilot plant test work program conducted on samples from Lucknow and Greenvale. 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.

Competent Person Statement

The information in this report that relates to 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 1: JORC 2012 Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• All holes used in the Mineral Resource estimate were drilled between 1997 and 2007 for the project owner at the time Metallica Minerals. • Face sampling RC drilling collected samples of 1 m drill length were passed through a rig mounted cyclone and collected in large plastic bags. • Holes were sampled by laying the sample bag on its side and using a long trowel (spear). • Between 1.5 kg and 3 kg of sample was collected. • Diamond core (HQ or PQ) was sampled at 2 m intervals.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Drilling supporting the Mineral Resource estimate was reverse circulation (RC) and diamond drilling (DD). • Historical drilling (1969 - 1990) was a mix open hole percussion and aircore, however these were not used in any manner to support the Mineral Resource estimate.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• RC drilling generally used high air pressure to keep the lateritic samples dry and to maintain good sample recovery. Recovery in the mineralised intervals was deemed to be good to excellent. • Relationships between sample recovery and grade could not be determined without original sample weight data, however the CP does not believe a material relationship exists.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Metallica Minerals geological logging protocols at the time were followed to ensure consistency in drill logs between the geological staff. • RC chips were logged for weathering, lithologies (primary and proto), mineralogy, colour and grainsize. RC chip trays (with chips) were photographed. • The main logged materials were Hm (hematite rich soil), Lfe (ferruginous laterite), Lsi (ferruginous laterite with silica boxwork), Lsap (saprolite), Wum (weathered ultramafic), and Ser (serpentinite – fresh). • The full sample lengths were logged.

Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• DD, RC and AC samples were dispatched to the analytical laboratory in Townsville. • SGS and ALS laboratories were used by Metallica Minerals during this time. • The CP considers the spear sampling method to be acceptable, based upon quality assurance testwork with samples which were riffle split. • Samples were dry. • Sample sizes are considered to be appropriate to the grain size of the material being sampled. • Field duplicates from RC samples were taken at a rate approximately one sample per drillhole. Field duplicates were taken by spear method by the same sampler who took the original spear sample. No records were kept regarding the sample weights for either the original or duplicate samples.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Drill samples were sent to SGS or ALS laboratories in Townsville. Both laboratories conform to Australian Standards ISO9001 and ISO 17025. • ALS samples were dried then pulverised in LM5 Mill to achieve a nominal 85% passing 75 µm. A pulp sample was then taken and split down to achieve a 0.5 g sample which was digested in a mixture of four acids (nitric, perchloric hydrochloric and hydrofluoric) and the solution's elemental concentrations determined by ICP-AES. Internal standards were used for quality assurance purposes. • SGS samples followed a similar subsampling process. The pulp sample is digested in four-acid to effect as near to total solubility of the metals as possible, with the solution presented to an ICP for element quantification. • The processes are considered total. • Quality assurance of the sampling was carried out by submitting quality control samples including a duplicate sample collected at the rig using a riffle splitter. The samples were analyzed after the assays for both samples were returned and show good correlation. The Competent Person is satisfied that the sampling system is up to industry standard. • Field duplicates from RC samples were taken at a rate of approximately 1 sample per drill hole. Field duplicates were taken by passing the bulk sample through another riffle splitter at the rig. • No records were kept regarding the sample sizes for either the original or duplicate samples. • The quality assurance procedures and results show acceptable levels of accuracy and precision were established.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Australian Mines geological personnel independently reviewed selected RC drill intersections and verified their suitability to be included in the drilling database. • The mineralisation is not visual, and any significant intersections are apparent from the sample analyses. • Assay data recorded as negative values in the database were 'less than detection' and adjusted to very low-grade values.

Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• All drillholes were surveyed by independent surveying companies, using differential GPS (DGPS) to provide accurate surveyed coordinates. Downhole surveys were not required due to the shallow depths of most holes. • All grid coordinates are in MGA coordinates, with the grid being MGA Zone 55 South. • The topographic DTM was prepared using data sourced from photogrammetry by Quasco Surveys Pty Ltd, flown in 2006. • Selected RC drill hole collars were surveyed in the field with a hand-held GPS unit, and the surveyed coordinates (easting and northing) were within 10 m of the coordinates surveyed by DGPS. • The GPS locations are considered to be an approximate location of the actual collar coordinates.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drill spacing was set to 25 m x 25 m grid within the area classified as Measured. Drill spacing was increased to 50 m x 50 m in Indicated areas. Drill spacing within the Inferred areas were up to 80 m x 80 m. • Samples were not composited at the sampling stage.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drill holes were drilled vertically which is considered to minimize any potential sampling bias with the saprolitic host lithology. Some late stage faulting may be present, but any offset of saprolite and / or mineralisation cannot be predicted at the Mineral Resource drill-out level. • Any sampling bias resultant from the orientation of drilling and possible structural offsets of mineralisation is considered to be minimal.
Sample security	• The measures taken to ensure sample security.	• Drill samples were under the care and supervision of Metallica Minerals staff at all times until transportation by local couriers to the analytical laboratories in Townsville. Australian Mines have continued the secure holdings of chip trays and drill core.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• The drilling procedures, sampling methodologies, sample analyses and the drill hole database were audited by previous geological consultants prior a Mineral Resource estimate created in 2008. The same group reviewed sampling techniques at the time and adequately documented their findings for the benefit of the current Mineral Resource estimate.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary

Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Bell Creek Mineral Resource is covered by mining lease ML20549. This lease is 100% owned by Sconi Mining Operations Pty Ltd, 100% owned by Australian Mines, and has an area of 393.5Ha. The mining lease was granted on 01/01/2014 and expires on 30/04/2034. EPM25833 surrounds the mining lease and was granted on 20 August 2015 for a period of five years.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Bell Creek deposit has been subjected to several drilling programs since the deposit was first identified. • The first phase of exploration was carried out by Austin Anderson for A.O. Australia Pty Ltd between 1969 and 1976. During this period airborne magnetics were completed which identified 5 strong magnetic anomalies, with Areas D and E becoming the Bell Creek deposit. Soil and ground magnetic surveys were followed up with trenching and drilling. Drill holes PHD001 to 215 were drilled at this time using an open hole percussion rig. Due to the drilling and assaying techniques, lack of adequate QAQC protocols, and poor understanding of the survey control, none of these holes were used to support this Mineral Resource estimate. • Ashton Mining carried out drilling at Bell Creek between 1989 and 1990. This phase of work was aimed at providing metallurgical samples and to further define the nickel laterite resource. Drilling was completed on nominal 60 m centers. The holes were prefixed with the PHD series, with holes PHD300 to PHD316 drilled in 1989, and PHD350 to PHD 469 drilled in 1990. Holes PHD 317 to PHD 349 were not drilled. Holes were drilled with an RC rig (4.5-inch diameter hole) and sampled at 1 m intervals. Samples were analysed at Classic Laboratories in Townsville using an AAS finish. Cobalt was selectively assayed, dependent upon the nickel assay. Fe and Mg were not assayed for. Due to these inconsistencies, the PHD holes were not used to support the Mineral Resource estimate. • Metallica Minerals completed several drilling campaigns between 1997 and 2007. RC and diamond drilling were carried out during these times. 48 diamond holes (1,109.9 m) and 1,194 RC holes (22,628 m) were drilled (total 1.242 holes for 23,737.9 m), all of which support the current Mineral Resource estimate.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Bell Creek Mineral Resource is contained within a saprolite, developed by weathering process over fragments of ultramafic basement rocks. Ni and Co have been enriched from the ultramafic rocks by both residual and supergene processes. • The deposit is intruded by pegmatites or aplites, and where laterites occur adjacent to the intrusive contact, elevated nickel grades occur.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth*	• Exploration Results are not being reported. • All drill results from 1997 to 2007 are used to inform the Mineral Resource estimate, which reflects the thickness and tenor of mineralisation as reported from drill results.

	○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Exploration Results are not being reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The Ni mineralisation is hosted in limonitic and saprolitic profiles which are relatively thin and laterally extensive. They present a vertical grade profile as a result of the weathering processes that reduce with depth. Vertical RC drilling completed to date provides the best drilling orientation.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Exploration Results are not being reported.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Exploration Results are not being reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other substantive results are reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Australian Mines have not planned further exploration test work in the near term.

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• The drill hole database was audited prior to the 2008 Mineral Resource estimate by the Competent Person at the time, and any issues were resolved prior to proceeding. This included both manual verification of selected drilling holes against hard copy assay certificates, and full comparison of digital data against laboratory digital files. The current Competent Person has reviewed Mineral Resource estimate reports attesting to this and is satisfied that the reviews were carried out competently, and that the drill hole database (for holes drilled from 1997) is fit for use to support the current Mineral Resource estimate. • CSA Global checked the drillhole files for errors prior to Mineral Resource estimation, including for absent collar data, multiple collar entries, absent survey data, overlapping intervals, negative sample lengths, and sample intervals which extended beyond the hole depth defined in the collar table. No errors of any material significance were detected. • The following elemental data were imported into Datamine from the database: Ni, Co, Sc, Fe, Mg, Mn, Cr, Ca and Al. Stoichiometric calculations were used to convert Fe to FeO, Mg to MgO, Mn to MnO, Ca to CaO, Al to Al2O3, and Cr to Cr2O3, with the oxides used in grade interpolation.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person has not visited the Bell Creek site, but has visited other SCONI project sites (Kokomo, Greenvale and Lucknow) in October 2017. Drill holes at Bell Creek were drilled during the same period as holes at these other projects, which the Competent Person inspected. The site inspection carried out in 2017 is considered a proxy for Bell Creek due to the same company ownership, same drilling contractors and geological field staff, and similar geological setting. • The Competent Person intends to visit the project at a near future date when Australian Mines carry out further test work at the project. • The outcome of the 2017 site visit (Kokomo, Greenvale and Lucknow) was that data has been collected in a manner that supports reporting a Mineral Resource estimate in accordance with the guidelines of the JORC Code, and controls on the mineralisation are relatively well-understood. The project location, infrastructure and local environment were appraised as part of JORC's "reasonable prospects" test.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource*	• The nickel laterite geology is well understood and the data at the deposit conforms to the expected laterite sequence. The laterite profile is developed from weathering processes with significant lateral continuity in the profile. This can have local variation in thickness and grade as a result of weathering processes. This is expected for laterite deposits where mining is

	estimation. • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	expected to adapt to the local changes. The Mineral Resource classification is based on drill spacing and it is anticipated that future infill drill programs will reduce volume uncertainty. • The Competent Person's confidence in the geological interpretations is reflected by the classification of the Mineral Resource. • Geological logs of drill samples and sample assays were used to interpret the geological models. • Alternative models for the saprolitic and lateritic profiles might be proposed with future work programs; however, it is not anticipated that these will impart any material differences to the tonnage or interpolated grade distribution of resultant models. • The geological interpretation of the weathering profiles controls the interpretation of the mineralisation envelopes for nickel and cobalt. • The geological models were interpreted and modelled by the Competent Person. Two lithological domains were interpreted based upon the geological logs of drill samples. Saprolite is interpreted as the material between the weathered ultramafic basement and the limonite zone. Limonite consists of the majority of higher-grade iron samples and low-grade Mg samples. • An interpretation of the nickel distribution resulted in the delineation of domains constraining >0.3% nickel. • An interpretation of the cobalt distribution resulted in the delineation of domains constraining >0.03% cobalt. • An interpretation of the iron distribution resulted in the delineation of domains constraining >15% FeO.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The Bell Creek (South and North) Mineral Resource is approximately 3,300 m in strike length, between 250 m and 1,300 m in plan width, and extends to a depth of approximately 50 m below surface. • The Bell Creek (North West) Mineral Resource is approximately 1,000 m in strike length, 500 m in plan width, and extends to a depth of approximately 50 m below surface.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.*	• Datamine Studio RM was used for the geological modelling, block model construction, and grade interpolation and validation. • A block model with block sizes 10 m (X) x 10 m (Y) x 5 m (Z) was constructed. Sub-celling was used with the parent cell dimensions divisible by 5. The block sizes are approximately half the tightest drill spacing, which generally supports a Measured classification. Blocks were flagged according to the geological and mineralisation envelopes. • Drill sample data were flagged by the mineralisation and weathering domain envelopes, with variables LITHZONE, NIZONE, COZONE and FEZONE used. Drillholes were sampled at 1 m intervals and the drill samples were accordingly composited to 1 m lengths. Composited sample data were statistically reviewed to determine appropriate top-cuts, with top-cuts

	• *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.*	applied for cobalt only. Log probability plots were used to determine the top-cuts, and the very high-grade samples were reviewed in Datamine by the Competent Person to determine if they were clustered with other high-grade samples. • The composited drill samples were input into variogram modelling. Normal scores variograms were selected for variogram modelling for nickel and cobalt and most of the minor variables because they presented the best structured variograms for the assays. Traditional semi-variograms were modelled for FeO and Al2O3. Downhole and directional variograms were modelled for nickel, cobalt, scandium, iron, magnesium, manganese, aluminium, chromium and calcium. Low relative nugget effects were modelled for these (nickel 20%, cobalt 15%), with short ranges generally 10–25 m associated with sills between 55% and 75% of the population variance. Variograms for the minor variables used all data in the weathering domains and were not constrained within the nickel or cobalt envelopes. Major variogram directions were 060°, which approximates the strike of the host geological units. • Grades were interpolated for all the grade variables by ordinary kriging, with local dip variations honoured by using Datamine's Dynamic Anisotropy functionality. Blocks in the Bell Creek South and North areas were estimated using a search ellipse of 40 m (major) x 40 m (semi-major) x 5 m (minor) dimensions, with a minimum of 8 and maximum of 20 samples from a minimum of four drillholes per cell interpolation. Blocks in the Bell Creek North West area were estimated using a search ellipse of 50 m (major) x 50 m (semi-major) x 5 m (minor) dimensions, with a minimum of 8 and maximum of 14 samples from a minimum of four drillholes per cell interpolation. Search radii were increased, and the minimum number of samples reduced in subsequent sample searches if cells were not interpolated in the first pass. Cell discretization of 3 x 3 x 3 (X, Y, Z) was employed. The nickel and cobalt mineralisation domains were used as a hard boundary during grade interpolation. The limonite / saprolite interface was also used as a hard boundary for the grade interpolation. • The Mineral Resource model was an update of the 2008 Mineral Resource, with the geological interpretations updated following a review of the statistical populations of nickel and cobalt by the Competent Person. A new metal equivalent formula has been applied for the reporting of this MRE, which is the same formula used for reporting the Lucknow, Greenvale and Kokomo Mineral Resources in February 2019. • No by-products are anticipated to be recovered. • The interpolated grades were validated by way of review of cross sections (block model and drill samples presented with same colour legend); swath plots, and comparison of mean grades from de-clustered drillhole data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Tonnages are estimated on a dry basis. Moisture content measurements were derived from the difference between the dry and wet weights of the RC drill samples, as determined by SGS Laboratory in Townsville, Queensland.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A marginal cut-off grade was determined using costs and recovery data as provided to CSA Global as part of the 2019 Feasibility Study update. This is the same reporting cut-off grade as

		used to report the Kokomo Mineral Resource estimate (February 2019) and reflects the costs associated with haulage distances from the deposit to Greenvale processing hub. • The Mineral Resource is reported above a marginal cut-off grade of 0.45% NiEq. Metal Equivalent formulae and supporting data are discussed in the report and are determined from the knowledge that the Mineral Resources are multi-element and combine nickel and cobalt grades using a nickel equivalent cut-off grade where: *NiEq = [(nickel grade x nickel price x nickel recovery) + (cobalt grade x cobalt price x cobalt recovery) / (nickel price x nickel recovery)]* • The following formulae was derived using the following commodity prices and recoveries: ○ Forex 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 10 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.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• No mining factors have been applied to the resource block model prior to handover for mining studies. Any mining will be by open pit mining methodologies.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Metal recovery data as determined by variability testwork of nickel and cobalt leach extraction. Results typically achieved between 90% and 99% from samples with nickel and cobalt grades aligned with expected mine grades. Lower recoveries of between 85% and 90% were achieved from some lower-grade samples.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the*	• Mining of the lateritic and saprolitic ore is proposed to be from relatively shallow open pits. The lithologies are highly weathered with most sulphides species already oxidised.

	potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• Disposal of mine tailings and mining waste can possibly be into pre-existing mine voids. • It is anticipated that any future environmental impacts and waste disposal from mining and processing will again be correctly managed as required under the regulatory permitting conditions.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Dry bulk density (DBD) was measured using several methods, using several types of test material, to provide a basis for deriving the density data used in the Mineral Resource. The methods included calliper (direct measurement of volume of whole PQ diameter diamond core); sand box core (indirect measurement of volume by placing incompetent core samples in a sand box of known volume, then removing the core and replacing with the required volume of sand); and surface pits (shallow pits with volumes calculated by volume of sand required to fill the pit; the excavated material is weighed). • The average density for the significant geological codes (sample lithological logs) were derived from calliper, sand pits and surface pits. The DBD was assigned to each drill sample per lithological logged code and interpolated into the block model using the Nearest Neighbour technique. • The following NN interpolations were carried out (DBD in t/m^3): Lfe, Li, Cly, All and Hm (DBD=1.45); Lsap (1.59); Lsi (1.7); Wum (1.9); Ser (2.05); Grn (2.5); and Other (2.5). • DBD data was obtained to reach the required confidence for the main geological material types of iron laterite, haematitic (red) laterite, mottled laterite, saprolite, silica boxwork and weather ultramafic. Broader-based lithological domains were then identified and earmarked for potential economic extraction which in turn incorporated the different characteristics of these material types in terms of mineralogy, void spaces, alteration zones and moisture content.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The Mineral Resource has been classified following due consideration of all criteria contained in Section 1, Section 2 and Section 3 of JORC 2012 Table 1. • Data quality and confidence in the geological interpretation support the classification. Wireframe solids for Measured and Indicated volumes were used to assign classification values (RESCAT; 1 = Measured, 2 = Indicated, 3 = Inferred, 4 = unclassified). • The Measured Mineral Resource is supported by regular drill pattern spacing of 25 m (EW) x 25 m (NS). • The Indicated Mineral Resource is supported by regular drill pattern spacing of 50 m (EW) x 50 m (NS). • The Inferred Mineral Resource is supported by regular drill pattern spacing of 80 m (EW) x 80 m (NS). • Blocks outside either the nickel or cobalt domains are not classified.

		• The final classification strategy and results appropriately reflect the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The Mineral Resource models were internally peer reviewed by CSA Global prior to release of results to Australian Mines. CSA Global reviewed the data collection, QAQC, geological modelling, statistical analyses, grade interpolation, bulk density measurements and resource classification strategies.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No detailed studies have been completed using simulation or probabilistic methods that could quantify relative accuracy of the resource estimates. • Laterites can have significant short-range variation in material types and grade due to local variations in weathering processes. However, on a broader scale they demonstrate consistency in lateral extent. As a result, drilling demonstrates a regional grade and volume rather than local certainty. Hence drill spacing, as used for the Mineral Resource classification, is the prime indicator of estimation risk, therefore used to delineate Mineral Resource classification volumes.