



Quarterly Activities Report

Period Ended 30 September 2019



Highlights

Sconi Cobalt-Nickel-Scandium Project

- Executed a long-form offtake agreement with SK Innovation for 100% of the cobalt sulphate and nickel sulphate produced from the Sconi Project
- Continuing to advance project financing discussions with a number of Australian and international debt and equity providers

Flemington Cobalt-Nickel-Scandium Project

- High-grade cobalt and scandium intersections returned from resource expansion drilling campaign across the Flemington project area
- Confirmed continuity of high-grade zone which is contiguous with, and extends 1,200 metres west from the existing Flemington Mineral Resource¹
- Significant intersections include:
 - 15 metres @ 2,054ppm (0.20%) cobalt from 3 metres depth
 - 14 metres @ 1,202ppm (0.12%) cobalt from 11 metres depth
 - 13 metres @ 1,186ppm (0.11%) cobalt from 4 metres depth
- Individual metres grading as high as 16,300ppm (1.63%) cobalt
- High-grade mineralised zone remains open along strike
- Positive assay results support large-scale follow-up drilling program, which subsequently commenced earlier this month

Corporate

- Experienced resources project builder, Mr Les Guthrie, to join the Australian Mines Board from late November 2019
- \$5.8 million raised via a share purchase plan

¹ The Mineral Resource Estimate for the Flemington Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines



Australian Mines Managing Director, Benjamin Bell, commented, *“During this quarter, Australian Mines achieved significant milestones towards delivering on the company’s goal of becoming a major producer of cobalt sulphate and nickel sulphate chemicals, with a fully auditable supply chain, for the electric vehicle sector.*

“The signing of the offtake agreement with SK Innovation for the entire cobalt sulphate and nickel sulphate to be produced from our Queensland-based Sconi Project, at market-linked prices, is a significant achievement, and a clear demonstration of the confidence in the value of this world-class project.

“On the back of this agreement, we have deepened our engagement with potential project financiers, both here in Australia and internationally, and are working collaboratively with these parties towards finalising a financing structure that enables us to progress project construction as soon as possible. We look forward to providing full details at the appropriate time

“In addition to our negotiations with potential project financiers, we are continuing to liaise with the Queensland Government and local businesses with the aim of delivering a significant contribution to the local community through providing secure, long term jobs and building shared public-use infrastructure for the local community.

“Following assessment of the results from the initial phase of our expanded drilling program at the Flemington Project in New South Wales, we were delighted to announce a tripling of the previous footprint of the project’s cobalt mineralisation, with the possibility of further expansion.

“With the mineralisation remaining open along strike, we have committed to further drilling activity over the coming year, including a 10,000-metre drill campaign across the project area that started earlier this month. Based on the initial results and the possibility of further expansion, I am confident the Flemington Project has the potential to host a nationally important cobalt resource.

“The discovery of outcropping copper mineralisation at our Flemington Project earlier this month certainly caught the Company’s geological team’s attention. Whilst we are yet to fully understand its significance, if any, the central region of New South Wales where our Flemington Project is located is known for its impressive copper endowment. I guess time will tell.

“Like the Company’s other directors, I also look forward to welcoming Mr Les Guthrie to the Australian Mines Board later next month. Les is a serious, large project builder who has held numerous senior leadership roles within global resources companies including with BHP Billiton and BG Group. His appointment to our Board should be taken as a very clear sign of Australian Mines’ unwavering commitment to building the world-class Sconi Project and propelling the Company towards becoming a major supplier of battery chemicals to the electric vehicle sector within the foreseeable future.”

Australian Mines Limited (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to provide its Quarterly Activities Report for the period ended 30 September 2019.

Sconi Cobalt-Nickel-Scandium Project

Australian Mines’ 100%-owned Sconi Project is located in North Queensland. Once developed, the project is forecasted to be one of the most cost-competitive cobalt-producing nickel operations in the world^{2,3} and places the Sconi Project in the lowest cost quartile compared to other existing and proposed analogous operations globally^{4,5}(Figures 1 and 2).

The Project is estimated^{6,7} to produce 1,405,000 tonnes of nickel sulphate and 209,000 tonnes of cobalt sulphate over its 30+ year mine life⁸, which is sufficient cobalt and nickel to produce the equivalent of at least 3 million to 6 million electric vehicle battery packs.

The Sconi Project⁹ is estimated to produce a total free cashflow after tax of \$5.0 billion over the initial 30-year project life, for a simple payback of capital of 4.4 years on a pre-tax basis and 5.8 years on a post-tax basis¹⁰.

With a pre-tax Net Present Value of \$1.47 billion, the Sconi Project can genuinely be classed as a world-class cobalt and nickel asset¹¹.

During the quarter Australian Mines announced that it had signed a long-form offtake agreement with Korean-based SK Innovation. Under this agreement, SK Innovation has agreed to purchase 100% of the battery-grade cobalt sulphate and nickel sulphate produced from the Sconi Project for an initial seven-year period but which may be extended to a total of 13 years by mutual agreement.

Presently, SK Innovation and Australian Mines are progressing discussions regarding financial support for the Sconi Project from SK Innovation, which may include SK Innovation issuing a pre-payment / finance letter to Australian Mines by the end of this month. Full details of this project finance discussion with SK Innovation, including the relevant conditions precedent, were announced by the Company via the ASX platform on 1 October 2019.

² Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

³ The Nickel & Cobalt Sulphate Market Study was commissioned by Australian Mines Limited and completed by commodities research specialist CRU International Limited. The study forms part of current commercial-in-confidence negotiations with off-take partner SK Innovation and has been supplied to the ASX for their confidential reference in regard to the 12 February 2019 announcement

⁴ 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

⁵ 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

⁶ See Table 1 of this report

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

⁸ The information outlined on this page was previously released to the market by Australian Mines via the ASX platform on 13 June 2019. Australian Mines confirms in the subsequent public report that all the material assumptions underpinning the production targets in the initial public report referred to in rule 5.17 continues to apply and have not materially changed.

⁹ Australian Mines Limited, Sconi to generate \$5 billion in free cashflow, released 13 June 2019

¹⁰ The information outlined on this page was previously released to the market by Australian Mines via the ASX platform on 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.

¹¹ The mineral industry’s accepted definition of a “world-class” deposit is a project that exceeds the NPV \$250 threshold. See - <https://www.bhp.com/-/media/bhp/documents/investors/reports/2006/ameconference.pdf>

Concurrent with its discussions with SK Innovation, Australian Mines is continuing to advance its project finance negotiations with a number of potential debt and equity partners. As Australian Mines is bound by strict non-disclosure agreements relating to these discussions, the Company is unable to provide any public comment or update as to their nature or status. That said, Australian Mines is very pleased with the nature and progress of these discussions to date and the Company looks forward to providing full details on the Sconi Project funding to the market through public releases via the ASX platform at the appropriate time and in accordance with the Company's continuous disclosure obligations.

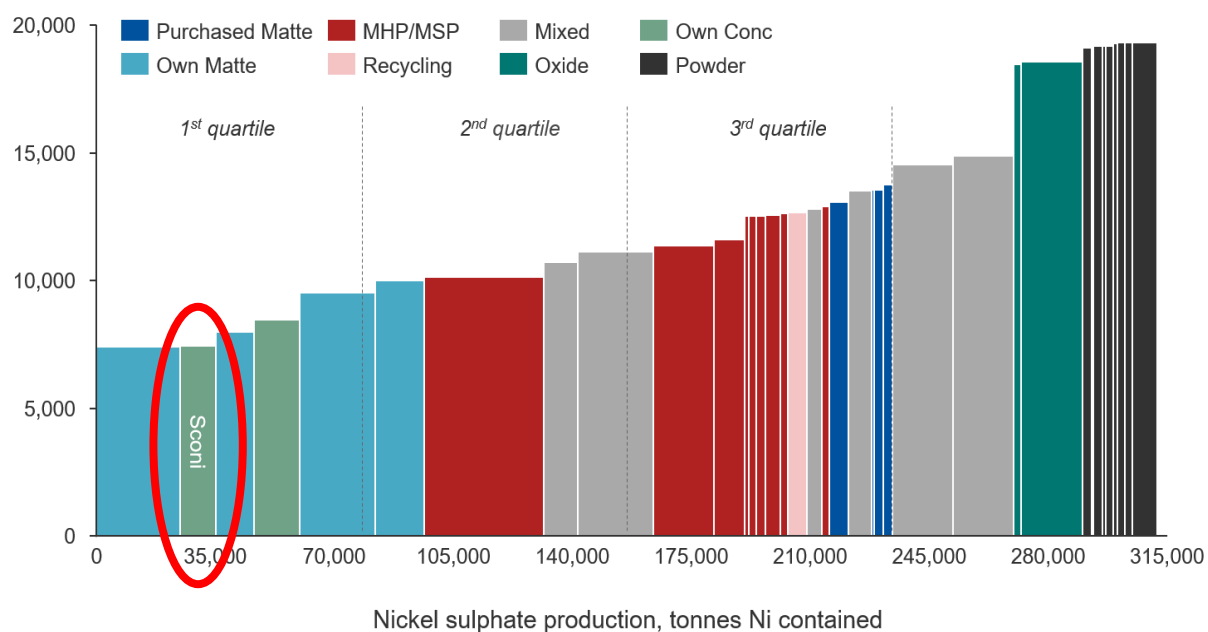


Figure 1: Nickel sulphate cost curve 2025, nominal USD per tonne of nickel contained¹²

¹² 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

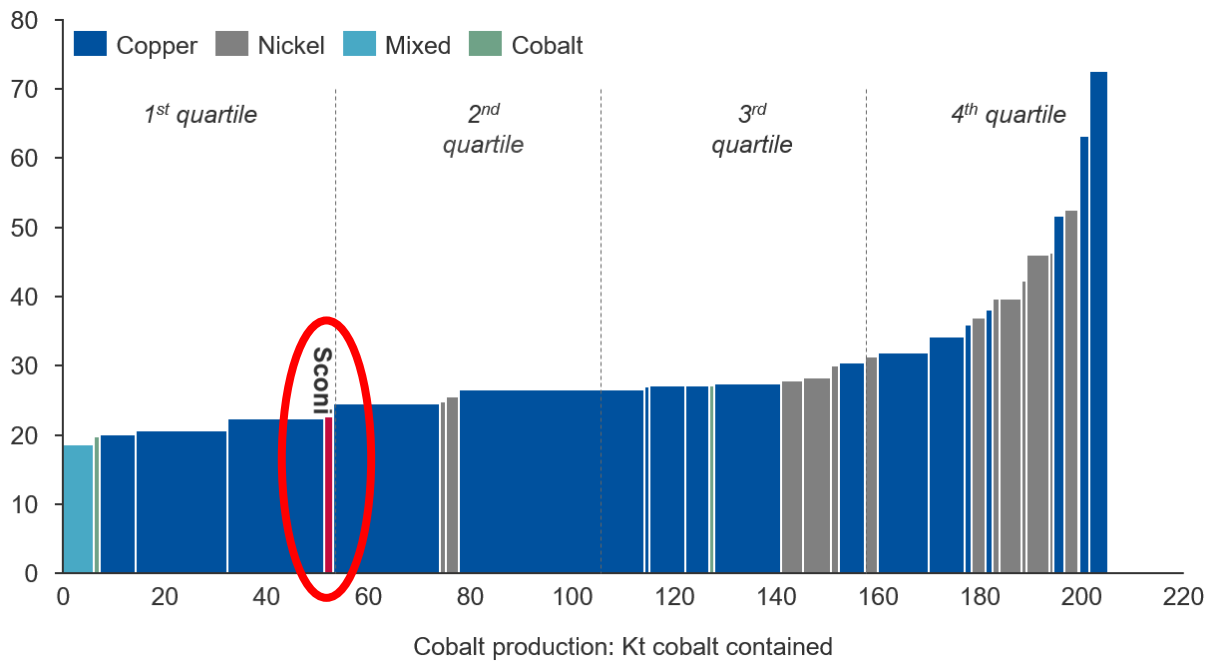


Figure 2: Pro rata cost curve of cobalt producers 2025, Nominal USD per pound cobalt¹³

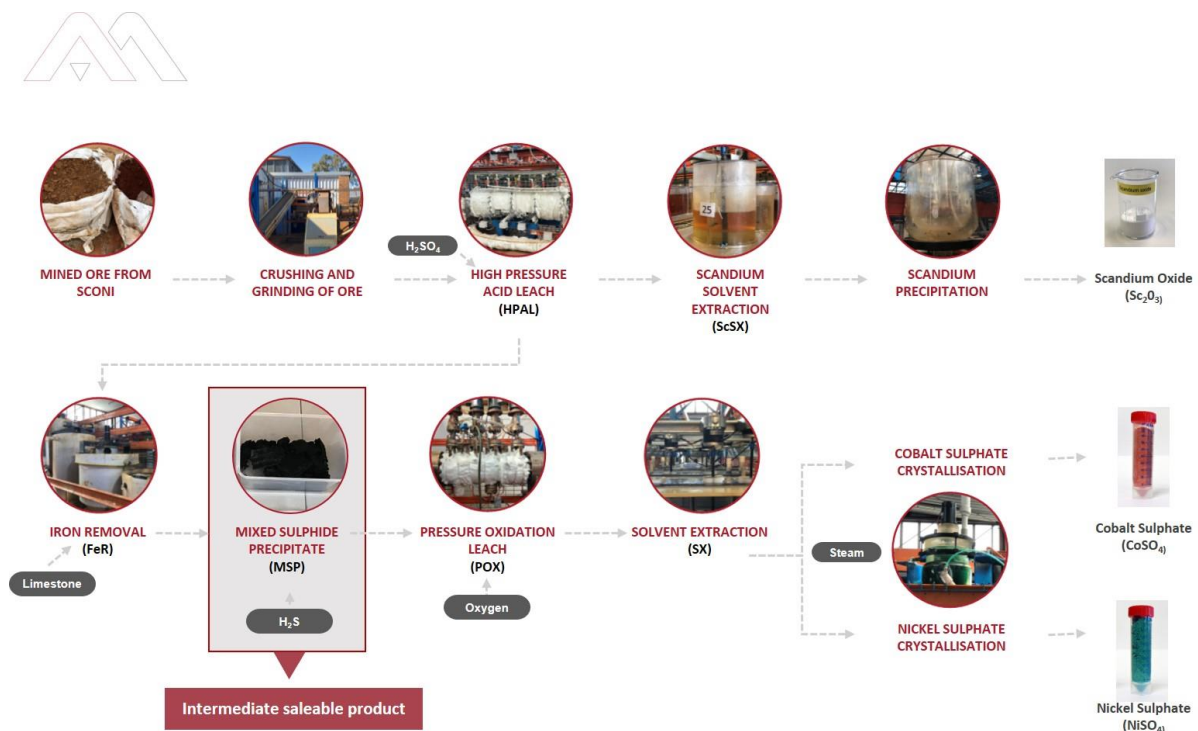


Figure 3: Australian Mines' proposed processing flowsheet that utilises proven, industry-standard technology, which has been comprehensively tested via the Company's demonstration-scale processing plant in Perth, Western Australia. (The photos used in this image are actual photos taken of Australian Mines' demonstration-size processing plant)

¹³ 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

The Nickel & Cobalt Sulphate Market Study from which Figure 1 and Figure 2 of this report have been extracted was commissioned by Australian Mines Limited and completed by commodities research specialist CRU International Limited. The study forms part of current commercial-in-confidence negotiations with off-take partner SK Innovation and has been supplied to the ASX for their confidential reference in regard to the 12 February 2019 announcement.

Queensland Satellite Deposits

Australian Mines' 100%-owned Bell Creek Nickel-Cobalt Project and 100%-owned Minnamoolka Nickel Project are located within 115 kilometres of the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland.

When combined with the Sconi Project's Mineral Resource, the cobalt and nickel metal quantities of Australian Mines' Queensland projects are estimated to be 738,359 tonnes of contained nickel and 71,575 tonnes of contained cobalt¹⁴.

During the quarter, Australian Mines' has been undertaking beneficiation test work on ore from its Bell Creek Project. The objective of this work is to confirm whether the Company can produce a concentrated feed capable of shipment to, and final processing by, the centralised Sconi processing plant and potential to boost the already favourable economics of infrastructure investment proposed for Sconi Project.

This beneficiation test work of the Bell Creek ore is expected to be completed by the end of November 2019, with a similar program using the Minnamoolka nickel ore slated to commence in early 2020.

¹⁴ Refer to Australian Mines' announcement released on 29 April 2019 for further information on the nickel and cobalt tonnages referred to on this page.

This breakdown of the individual Mineral Resources that results in the 738,359 tonnes of contained nickel and 71,575 tonnes of contained cobalt referred to on this page is as follows:

The Mineral Resource for the Sconi Project is reported under JORC 2012 Guidelines and was reported by Australian Mines on 14 February 2019. 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. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement the company

The Mineral Resource Estimate for the Bell Creek Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 29 April 2019. The Mineral Resource for Bell Creek, as announced on 29 April 2019 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 There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by the company

The Mineral Resource Estimate for the Minnamoolka Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 21 October 2019. The Mineral Resource for Bell Creek, as announced on 29 April 2019 is: Indicated 11.9Mt @ 0.67% Ni & 0.03% Co; Inferred 2.4Mt @ 0.60% Ni & 0.02%. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

SCONI PROJECT

Queensland Tenement Overview

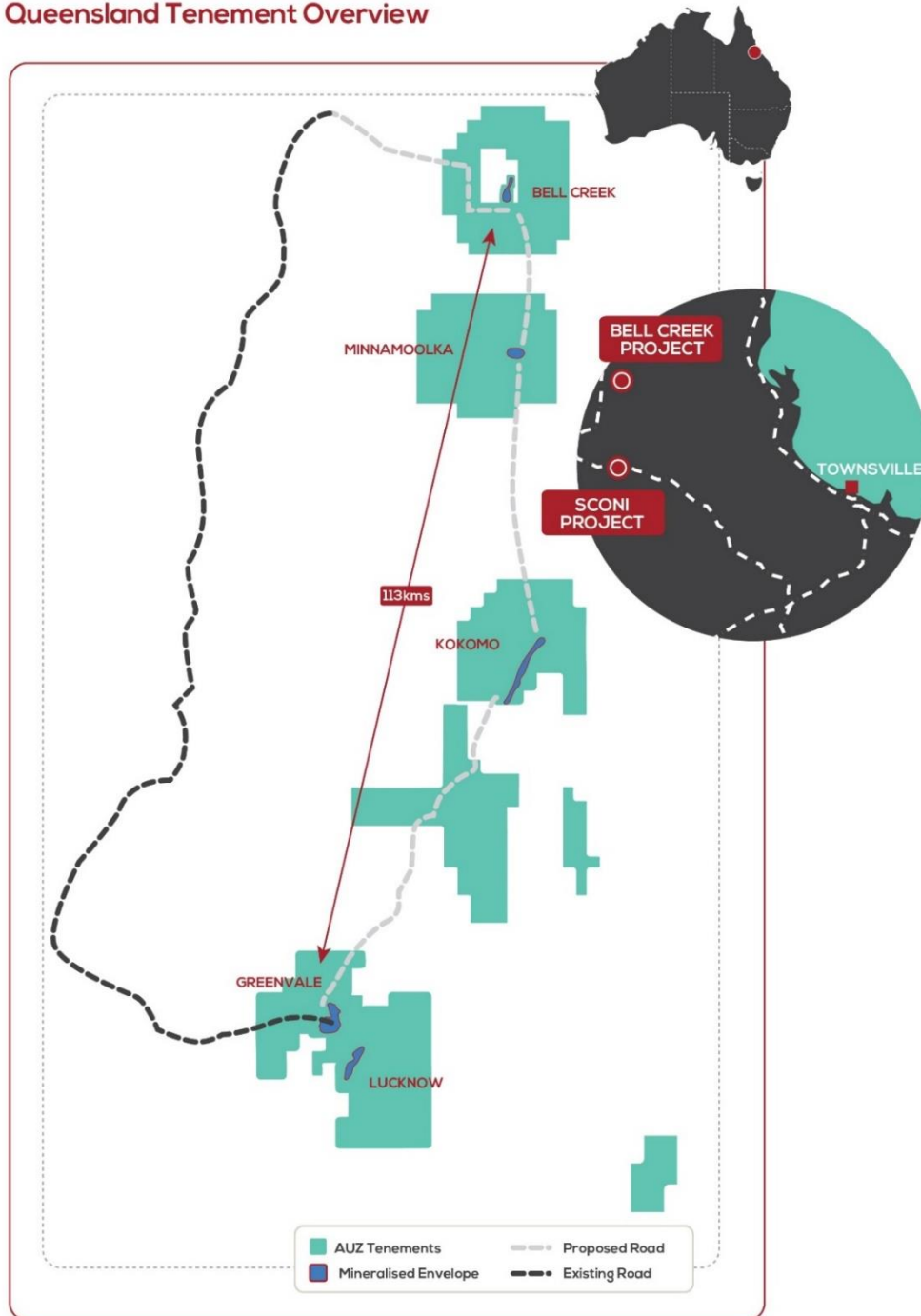


Figure 4: Location of Australian Mines' Bell Creek Nickel-Cobalt Project and Minnamoolka Nickel Project in relation to the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland. The mineralised envelopes of these deposits (highlighted in blue in this figure) remain open along strike.

Flemington Cobalt-Scandium-Nickel Project

Australian Mines' 100%-owned Flemington Cobalt-Nickel-Scandium Project is located 370 kilometres west of Sydney in New South Wales, Australia and represents the Company's second battery materials project after its flagship Sconi Nickel-Cobalt-Scandium Project in North Queensland.

The Flemington Project contains an initial 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 category¹⁵. However, the Company has the view that there is significant scope to materially expand the current Mineral Resource, given that only a fraction of the prospective geology at Flemington has been comprehensively tested to date¹⁶.

During the quarter, Australian Mines announced the final assay results from the Company's resource expansion drilling campaign via a 3,300-metre resource expansion drilling program at Flemington, which was designed to test the western continuation of the cobalt, nickel and scandium mineralisation.

The results from this drill program confirmed the continuity of a high-grade zone, which is contiguous with, and extends 1,200 metres west from, existing Flemington Mineral Resource¹⁷.

These results also confirmed that the mineralisation at Flemington now represents a tripling of the areal extent when compared to the footprint indicated by the project's initial Mineral Resource¹⁸.

Given the highly encouraging results received from the Company's exploration activities to date, Australian Mines announced on 2 October 2019 that it had initiated the largest resource extensional drilling program to date at the Flemington Project¹⁹. Up to 10,000 metres of drilling is planned as part of this resource extensional drilling program and will specifically target the additional west and southwest extensions of the previously identified mineralisation within Australian Mines' tenement boundaries. Results from this program are anticipated to become available in early 2020.

The extended drilling program reflects the Company's confidence in the project as a potential source of battery materials to the rapidly growing global electric vehicle sector.

¹⁵ 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.

¹⁶ Australian Mines Limited, Maiden Mineral Resource confirms Flemington Project's cobalt credentials, released 31 October 2017

¹⁷ Australian Mines Limited, *Cobalt mineralisation footprint tripled at Flemington project*, released 12 August 2019

¹⁸ The Mineral Resource Estimate for the Flemington Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

¹⁹ Australian Mines Limited, *Resource extension drilling commences at Flemington project*, released 2 October 2019

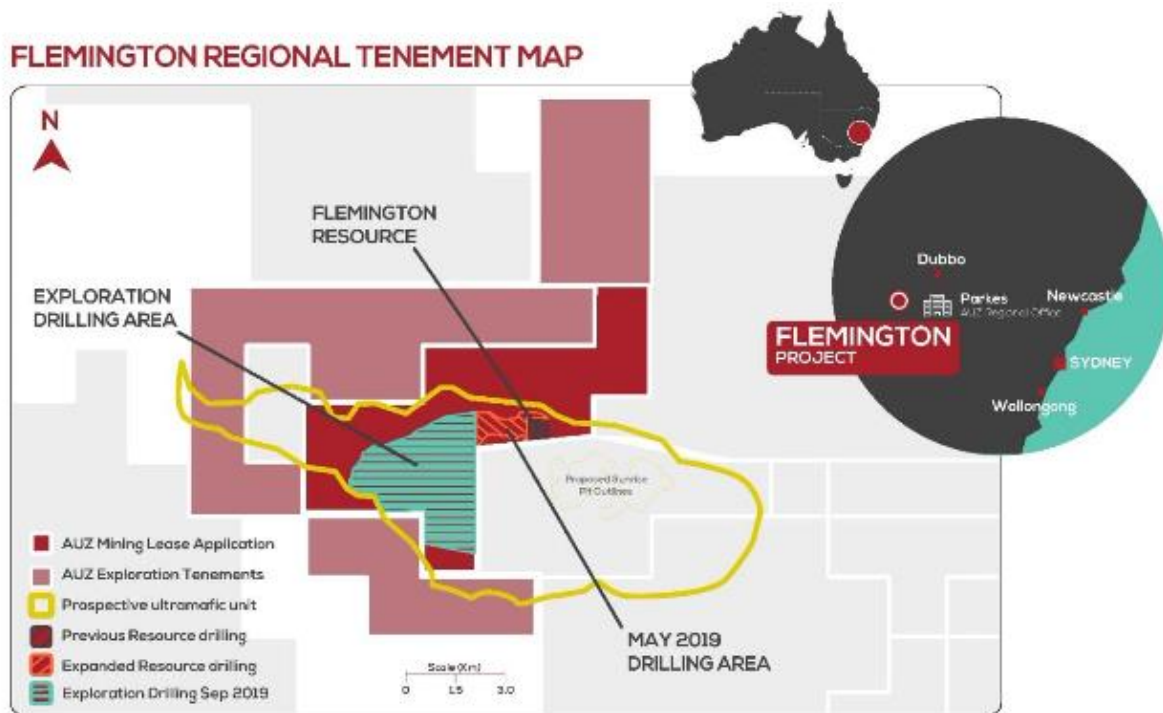


Figure 5: Located in central New South Wales, the Flemingington Project covers a significant portion of the prospective Tout Complex (as outlined in yellow in this figure), being the geological unit that hosts both Australian Mines’ Flemingington cobalt-scandium-nickel deposit²⁰ and the neighbouring Sunrise deposit²¹.

²⁰ The Mineral Resource Estimate for the Flemingington Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemingington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

There is significant potential to expand the Mineral Resource given that only a fraction of the interpreted prospective geology at Flemingington has been comprehensively tested to date.

²¹ Australian Mines’ Flemingington Project has been established to be the direct continuation of Clean TeQ Holding’s Sunrise orebody, with the deposit separated arbitrarily by the tenement boundary. (See Australian Mines’ announcement titled *Resource confirms Flemingington’s cobalt credentials*, which was released via the ASX on 31 October 2017)

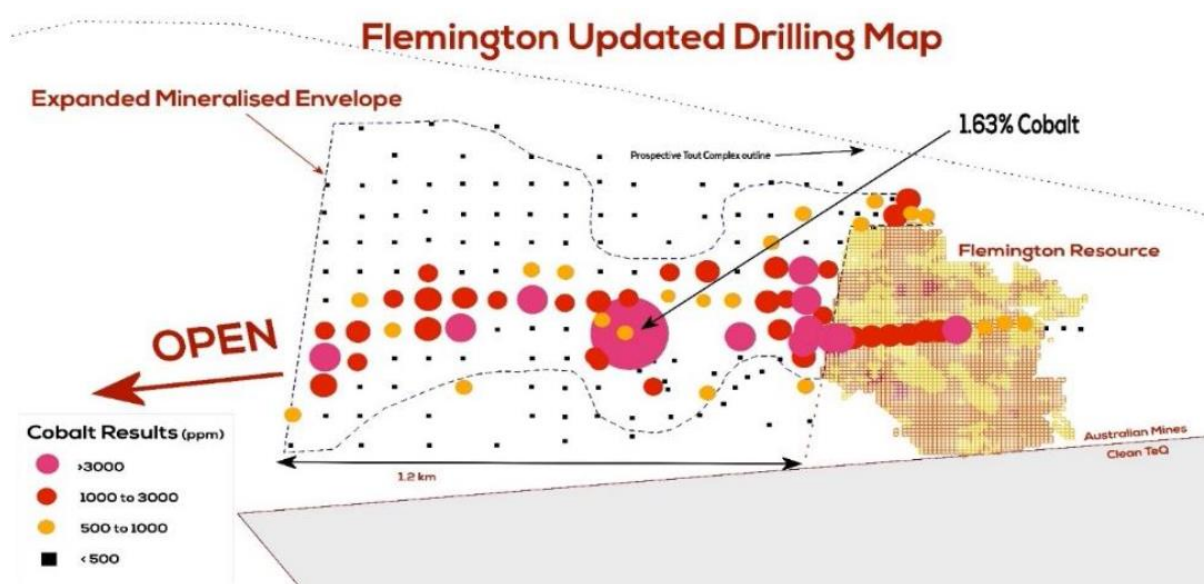


Figure 6: Drill hole location map, which shows the expanded mineralised boundary²² linking up with the existing Mineral Resource at the Flemington project²³.

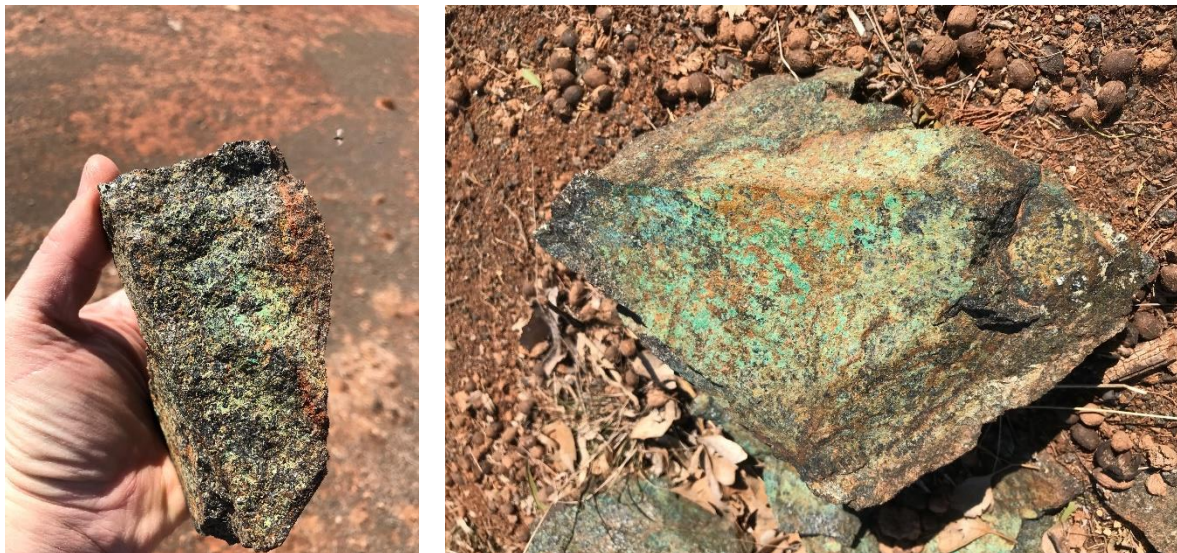


Figure 7: Photographs taken of outcropping copper mineralisation recently observed at the Company's Flemington Project by Australian Mines' geological team. The significance of this copper occurrence, if any, will be explored by the Company in early 2020 as part of an expanded exploration program.

²² The drilling program was focused on confirming Australian Mines' geological modelling in known areas of prospective geology and expanding the known boundaries of the mineralised envelope outwards from the existing Flemington resource. During the drilling program a large zone of prospective geology with thicknesses ranging from a few metres to tens-of-metres was encountered. Based on observations made by the Company's geological team during Australian Mines' drilling campaigns, and cross referenced with the resulting assays, the mineralised zones within the Flemington project have a distinct appearance which enables the Company's geologists to map potential *mineralised envelopes* via visual identification. It is on that basis that the *expanded mineralised envelope* is drafted. Australian Mines cautions that this reference to an *expanded mineralised envelope* as drafted in this figure is done on a qualitative basis and, thus, is subjective only.

²³ The Mineral Resource Estimate for the Flemington Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.076% Co & 408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Drill Hole	Intersection	Sub-Sections
FMA19_323	15m @ 2,054ppm Co from 3m depth 4m @ 8,558ppm Ni from 3m depth	6m @ 4,169ppm Co from 3m depth 3m @ 7,577ppm Co from 4m depth 1m @ 16,300ppm Co at 5m depth 1m @ 16,400ppm Ni at 5m depth
FMA19_332	14m @ 1,202ppm Co from 11m depth 36m @ 612ppm Sc from surface	4m @ 2,453ppm Co from 11m depth 14m @ 780ppm Sc from 10m depth 5m @ 906ppm Sc from 14m depth 1m @ 1,020ppm Sc at 16m depth
FMA19_331	13m @ 1,186ppm Co from 4m depth 15m @ 504ppm Sc from 5m depth	4m @ 2,035ppm Co from 11m depth 7m @ 624ppm Sc from 9m depth
FMA19_330	6m @ 2,168ppm Co from 8m depth 18m @ 419ppm Sc from surface	3m @ 3,050ppm Co from 10m depth 1m @ 5,400ppm Co at 12m depth 4m @ 600ppm Sc from 7m depth
FMA19_333	6m @ 1,111ppm Co from 7m depth 12m @ 500ppm Sc from surface	2m @ 2,690ppm Co at 7m depth 4m @ 723ppm Sc from 3m depth
FMA19_315	2m @ 960ppm Co from 1m depth	1m @ 1,500ppm Co at 2m depth

Table 1: Highlighted intersections returned from assays from the Australian Mines' resource expansion drilling campaign²⁴ at its 100%-owned Flemington Project in New South Wales, Australia. Full details, including the drill hole location information and the assays returned over each individual metre are documented in Appendix 1 and Appendix 2 of ASX Announcement, *Cobalt mineralisation footprint tripled at Flemington Project*, date 12 August 2019.

²⁴ Australian Mines, AUZ secures funds to accelerate cobalt and nickel projects, released 27 February 2019

Thackaringa Cobalt Project

Australian Mines' 100%-owned Thackaringa Project is an early-stage pure cobalt exploration project located near Broken Hill in New South Wales, Australia.

Surface geochemical sampling programs completed by Australian Mines at Thackaringa identified areas of elevated cobalt within the project area²⁵.

Subsequent geophysical surveys across these geochemical anomalies detected a cluster of interpreted bedrock-hosted conductive bodies²⁶ beneath areas of elevated cobalt, with at least one of the bodies identified as a *Priority One* target²⁷ - meaning that, in the opinion of the consulting geophysicist, this particular conductive body has the geophysical characteristics of sulphide mineralisation within the underlying bedrock²⁸.

Australian Mines is acutely aware that even quite small geophysical anomalies can be related to quite significant ore bodies²⁹. The Company, and its independent technical consultants, are equally conscious that the strength of geophysical response from *Priority One* conductor at Thackaringa is considered high enough to interpret the source as most probably being a massive sulphide body³⁰.

The Company is preparing to undertake its maiden reverse circulation (RC) and diamond core drill program of this *Priority One* conductor in early 2020 (subject to land holder approval).

****ENDS****

²⁵ Australian Mines Limited, Large-scale cobalt-in-soil anomalies identified at Thackaringa Project; Sconi continues to advance towards development milestones, released 29 May 2018

²⁶ Australian Mines Limited, High-priority bedrock conductors detected at Thackaringa Project, New South Wales, released 7 March 2018

²⁷ Mitre Geophysics, Barrier Range Project VTEM Report – Report for Australian Mines

²⁸ Mitre Geophysics notes that the AEM response is characteristic of sulphides or graphitic shales within the underlying bedrock. However, as graphitic shales are very rare in the Broken Hill / Thackaringa district, the anomaly is indicative of the presence of sulphides within the underlying bedrock. Mitre Geophysics has a long and extensive experience in base metal exploration, including within the Broken Hill District and it forms the core of their business. Their statement that the geophysical response returned from Australian Mines' AEM survey is characteristic of sulphides is based on their consideration of a range of important factors including; geological setting, the magnitude / amplitude of the anomaly and the decay rate of the electromagnetic response related to the anomaly.

²⁹ Peel Mining – CBH Resources' Mallee Bull deposit in Central New South Wales is a perfect example that small geophysical anomalies can be related to quite significant ore bodies. The Mallee Bull copper (+ gold + silver + lead + zinc) deposit, located near Cobar in New South Wales, was discovered by Peel Exploration (PEL: ASX) in 2011 when their exploration team drill tested a confined conductor detected during the airborne electromagnetic survey (by the same contractor and system that undertook Australian Mines' Thackaringa airborne electromagnetic – AEM - survey). See www.peelmining.com.au/upload/PEX_IP_1305011.pdf, particularly slide 10 of this presentation for summary of Mallee Bull (which was initially referred to as the 4-Mile target by Peel Mining).

³⁰ See Appendix 1 of Australian Mines' announced released via the ASX on 7 March 2018 (titled *High-priority bedrock conductors detected at Thackaringa Project, New South Wales*) for full details of the Indicative classification scheme (EM conductors) that supports this statement.

Appendix 1: 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 A1-1: 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 A2-1 to A2-3 of Appendix 2 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 2: Mineral Resource Estimates

Sconi Cobalt-Nickel-Scandium Project – Mineral Resource (Effective 14 February 2019)³¹

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 A2-1: 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 A2-2: 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 A2-3: Kokomo Mineral Resource

Lower cut-off grade: Nickel equivalent 0.45%

³¹ The Mineral Resource Estimates for the Sconi Project are reported under JORC 2012 Guidelines and were 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.

Nickel equivalent (Nieq) calculations are described in detail in Appendix 5 of this report.

Queensland Satellite Nickel Projects

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 A2-4: Mineral Resource Estimate³² of Australian Mines' 100%-owned Bell Creek Project, which is located 115 kilometres north of the Company's flagship Sconi Cobalt-Nickel-Scandium Project in North Queensland, Australia.

Lower cut-off grade: Nickel equivalent 0.45%³³.

Classification	Tonnes* (million tonnes)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
Total	14.2	0.66	0.03

* Tonnages rounded to the nearest 100,000 tonnes. Differences may occur in totals due to rounding.

Table A2-5: Mineral Resource Estimate³⁴ of Australian Mines' 100%-owned Minnamoolka Project, which is located north of the Company's Sconi Cobalt-Nickel-Scandium Project in North Queensland, Australia.

Lower cut-off grade: Nickel 0.45%

³² The Mineral Resource Estimate for the Bell Creek Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited 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.

³³ **Nickel equivalent (Nieq) calculations are described in detail in Appendix 5 of this report.**

³⁴ The Mineral Resource Estimate for the Minnamoolka Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited 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.

Appendix 3: Competent Persons' Statements

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.

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 Limited 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 Limited.

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 Orelogy 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.

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 it appears.

Bell Creek Nickel-Cobalt Project

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

Minnamoolka Nickel Project

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

Flemington Cobalt-Nickel-Scandium Project

The Mineral Resource for the Flemington 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 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 Limited.

Information in this report that relates to Flemington 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 it appears.

Thackaringa Cobalt Project

The information in this report that relates to the Thackaringa Cobalt Project's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr 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 Limited. 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 4: 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 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 5: Nickel equivalent calculation – Sconi Project and Bell Creek Project, Queensland

NiEq grades reference in this report were calculated according to the following formula:

$$NiEq = [(nickel\ grade \times nickel\ price \times nickel\ recovery) + (cobalt\ grade \times cobalt\ price \times cobalt\ recovery) / (nickel\ price \times nickel\ recovery)]$$

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 for 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 believe there are reasonable prospects for eventual economic extraction of the Mineral Resources for the Bell Creek Project. 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.

Appendix 6: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML10342	Granted	100%
Queensland	Sconi	ML10324	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%
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	MLA 538	Pending	-
New South Wales	Flemington	ELA 5495	Pending	-
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Broken Hill	EL 8870	Granted	100%
New South Wales	Thackaringa	EL 8477	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
-	-	-	-	-	-

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
-	-	-	-	-	-

