

9 March 2020

Company Update

Advanced battery materials development company Australian Mines Limited (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) advises that the Company has commenced a series of production runs at its demonstration plant in Perth to supply battery grade nickel sulphate and cobalt sulphate crystals to potential offtake partners.

The production runs are to facilitate the Company’s discussions with potential offtake partners¹ to secure binding offtake agreement(s) and financing for its 100%-owned Sconi Cobalt-Nickel-Scandium Project in North Queensland, Australia. These discussions are preliminary, incomplete and confidential. The Company will update the market at the time if agreement(s) are reached.

The demonstration plant is expected to be operational for up to 6-months and deliver several samples for independent testing to verify Australian Mines’ ability to consistently produce high quality battery materials.

The planned production runs will also be used to create high purity scandium oxide for supply to a potential R&D partner (if terms are agreed) seeking to expand the industrial applications of scandium. The Australian and USA Governments as well as the European Union recently classified scandium as a ‘critical commodity’, which is driving significant additional interest in the Sconi Project as a source of high purity scandium oxide.

Australian Mines Managing Director, Benjamin Bell commented; “As previously advised, Australian Mines’ primary focus is progressing negotiations to secure offtake and financing agreements for our Sconi Project.

“It is encouraging to have potential offtake partners assessing Sconi’s ability to consistently deliver battery grade materials and to have another potential customer testing the purity of our scandium oxide.

¹ As most recently advised in the Company’s Quarterly Activities Report for the period ended 31 December 2019, released on 31 January 2020.

“Sconi is expected to be a low-cost; ethical source of high-grade technology metals at a time of huge demand for these commodities driven by the rapid growth in the electric vehicle and energy storage industries.”

The supply of samples from Australian Mines’ demonstration plant will be on a non-commercial basis and forms part of the Company’s ongoing investment towards the development of the Sconi Project.

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

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