

Australian Mines Limited

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australianmines.com.au

19 January 2021

Lin Kang Adviser Listing Compliance (Sydney) ASX Limited ListingsComplianceSydney@asx.com.au

Dear Lin

Response to ASX Price Query

Advanced battery materials development company, Australian Mines Limited (Australian Mines or the Company) (Australian ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) refers to your letter dated 19 January 2021 and responds to your queries as follows:

1. Is AUZ aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

Response: No

- 2. If the answer to question 1 is "yes".
 - (a) Is AUZ relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in AUZ's securities would suggest to ASX that such information may have ceased to be confidential and therefore AUZ may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Response: Not applicable

3. If the answer to question 1 is "no", is there any other explanation that AUZ may have for the recent trading in its securities?

Response: The Company is not aware of any explanation for the price change and increase in volume in the securities of AUZ. That said, there are a number of macro-economic and stock specific factors that could explain the recent trading in AUZ securities, including:

- ✓ Cobalt market has recently tightened from its 2020 low, resulting in a significant strengthening of the global cobalt sulphate pricing from US\$12 per pound (cobalt equivalent; April 2020) to over US\$19 per pound at the time of writing;
- ✓ Over the same period, nickel prices on the London Metal Exchange have improved from approximately US\$11,500 per tonne to over US\$18,000 per tonne, with further price increases in nickel (and cobalt) anticipated by the Company during 2021.
- ✓ Governments in many developed nations, including in the European Union, China and, shortly, the United State of America have implemented policies to support a significant expansion in the electric vehicle industry, such as President-elect Biden's Clean Energy Plan which includes a US\$400 billion investment supporting the roll out of 25 million electric vehicles across the USA.
- ✓ As acknowledged by independent industry analysts, when fully developed, AUZ's Sconi Project in North Queensland will be one of the world's most cost-competitive producers of nickel and cobalt for the electric vehicle industry, thus, ensuring the Sconi Project is well-positioned to play a vital role in this burgeoning electric vehicle / green energy industry.
- ✓ Coupled with the project's close proximity to existing infrastructure, this positioning of the Sconi Project as a future low-cost producer of critical battery precursor materials continues to attract interest from potential offtake partners. These negations are incomplete at this time, and the Company proposes to make further announcements in relation to any offtake discussions in line with its continuous disclosure obligations.
- ✓ As part of AUZ commitment to leading Environmental, Social and Governance (ESG) practices, the Company became the first minerals resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Action Program in August 2020. This has allowed the Company to deepen its engagement with potential offtake partners.
- ✓ Importantly, AUZ continues to work towards developing a battery that is targeting an energy density target of at least 400 watt-hours per kilogram. This level of energy density would potentially give electric cars a range of more than 1,000 kilometres between charges and would begin to make electric powered commercial airplanes an attractive proposition. It is estimated batteries with a minimum energy density of 400 watt-hours per kilogram will be required to outperform a kerosene (JET A-1) powered

jet aircraft and make electric airplanes commercially viable. This research, although at an early stage, is proving fruitful and potentially allows AUZ to engage with global car makers from the position of a battery developer in its own right (rather than a resource company). This, naturally, has great appeal to the investment community, which could be reflected in AUZ's recent share price movements.

4. Please confirm that AUZ is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Response: The Company confirms that it is in compliance with the *Listing Rules and, in particular, Listing Rule 3.1.*

5. Please confirm that AUZ's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

Response: The Company confirms that AUZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy by the Board of Directors.

Yours sincerely
Australian Mines Limited

Benjamin Bell

Benjamin Bell

Managing Director





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

Additionally, Australian Mines supports the vision of a world where the mining industry respects the human rights and aspirations of affected communities, provides safe, healthy and supportive workplaces, minimizes harm to the environment, and leaves positive legacies.





19 January 2021

Reference: ODIN29643

Mr Oliver Carton Carton Solicitors 8 Chapel St Cremorne VIC 3121 Australia

By email

Dear Mr Carton

Australian Mines Limited ('AUZ'): Price - Query

ASX refers to the following:

- A. The change in the price of AUZ's securities from a close of \$0.024 on 15 January 2021 to an intraday high of \$0.04 as at the time of this letter.
- B. The significant increase in the volume of AUZ's securities traded on 18 January 2021.

Request for information

In light of this, ASX asks AUZ to respond separately to each of the following questions and requests for information:

- 1. Is AUZ aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes".
 - (a) Is AUZ relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in AUZ's securities would suggest to ASX that such information may have ceased to be confidential and therefore AUZ may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that AUZ may have for the recent trading in its securities?
- 4. Please confirm that AUZ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
- 5. Please confirm that AUZ's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1 PM AEDT Tuesday**, **19 January 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, AUZ's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AUZ to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in AUZ's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AUZ's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AUZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 - 3.1B. It should be noted that AUZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Lin Kang

Adviser, Listings Compliance (Sydney)