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Update on Sconi Project Offtake Discussions

Australian Mines Limited (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) provides the following update on its ongoing offtake discussions in relation to its 100%-owned Sconi Project located in North Queensland, Australia.

Australian Mines confirms that it continues to progress offtake negotiations for the Sconi Project with a range of potential partners, including global car and battery manufacturers. These discussions remain incomplete and confidential, however, they have covered key terms such as pricing, volumes and indicative timelines.

In parallel, Australian Mines is working to satisfy the due diligence requirements for these ongoing offtake discussions to progress towards draft formal contracts. The Company reconfirms its expectation of entering into an offtake agreement in relation to the Sconi Project during calendar year 2021, as outlined in Australian Mines’ Quarterly Activities Report for the period ended 31 December 2020¹.

Potential offtake partners are aware that the Sconi Project, when fully developed, will be placed in the lowest cost-quartile of producers of electric vehicle battery materials globally².

The Company’s Sconi Project is advantaged by having operations in the Tier 1 jurisdiction of Australia; a demonstrated production capability; a track record of creating quality battery materials and a fully auditable and ethical supply chain, all of which are key considerations for any potential offtake partner.

Commenting on the offtake discussions, Australian Mines’ Managing Director, Benjamin Bell said, “the projected supply and demand imbalances for battery minerals both now and into the future, are creating competitive tension amongst our potential offtake partners, all of whom need to lock in new sources of battery minerals as surging global demand outstrips supply.

“At least three of the potential offtake parties have indicated they require the equivalent volume of five Sconi Projects by 2023/25 to meet their base-case, conservative electric vehicle sales figures.

¹ Australian Mines Limited, Quarterly Activities Report for the period ended 31 December 2020, released 29 January 2021

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

“In other words, the electric vehicle sector alone will likely need, at least, the equivalent of 15 Sconi-size nickel-cobalt projects to be in production by 2023/25.”

While the emerging global supply and demand imbalances support the case for the development of Sconi, shareholders should be aware that global car and battery manufacturers, with whom the Company is speaking, have their own internal targets and timeframes. As a result, Australian Mines is actively influencing, but does not have complete control over, the timetable that would lead to a binding offtake agreement.

It should also be noted that any incomplete offtake discussions that are underway are the subject of Non-Disclosure (NDA) or Confidentiality Agreements (CA). Consistent with normal practice, such NDAs / CAs include clauses which prohibit either party from disclosing information that may identify a potential counterparty, or from providing commentary on the status of incomplete negotiations.

As such, Australian Mines will only be in a position to make an announcement to the market upon conclusion of the ongoing offtake discussions, when it is expected the Company will have entered into a binding offtake agreement.

*** ENDS ***



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

Benjamin Bell
Managing Director
Australian Mines Limited

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



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

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



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.

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