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29 April 2021

Quarterly Activities Report
For the period ended 31 March 2021

Advanced battery materials development company, Australian Mines Limited (Australian Mines or the Company) (Australian ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to provide its Quarterly Activities Report for the period ending 31 March 2021.

Australian Mines' primary focus during the March quarter remained the development of its world class, 100%-owned, Sconi Nickel-Cobalt-Scandium Project in North Queensland.

During the reporting period, the Company continued to progress negotiations on offtake from Sconi with a range of potential partners, including global car and battery manufacturers.

Notable activities and achievements during the quarter, included:

- Active progress with the ongoing discussions and negotiations with potential Sconi offtake partners and financiers;
- Accelerated research and development into the production of precursor cathode active material (P-CAM) for Nickel-Cobalt Manganese (NCM) battery chemistries, including successful production of on-spec NCM 811 P-CAM
- Continuation of the independent P-CAM Scoping Study for the Sconi Project;
- Updating the front-end design of the Sconi processing plant with the objective of materially decreasing the project's already competitive capex; and
- Distributed Australian Mines shares in Norwest Minerals Limited to the Company's shareholders following approval at the General Meeting held on 23 March 2021.

The ongoing offtake discussions are a key step in the process to develop Sconi into a world class source of advanced battery minerals, including high value-added precursor cathode active material (P-CAM). These are essential commodities used by electric vehicle battery makers, automotive manufacturers (also called 'OEMs', or original equipment manufacturers) and in the storage and delivery of clean, sustainable energy sources.

Commenting on the March 2021 quarter, Australian Mines' Managing Director, Mr Benjamin Bell, said: ""Our potential offtake partners appear acutely aware that Sconi, when fully developed, will be a lowest cost-quartile producer of electric vehicle battery materials in the world[1], with a project life in excess of 30 years[2]. Additionally, Sconi's characteristics of having

[1] Australian Mines Limited, Study places Sconi as low-cost cobalt and nickel producer, released 12 February 2019.
[2] Australian Mines Limited, Sconi to produce $5 billion in free cashflow, released 13 June 2019.

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 make the project even more attractive to our potential offtake partners."

Advancing Sconi Offtake discussions

Australian Mines confirms a significant amount of activity to progress the Sconi offtake negotiations took place during the March quarter. These negotiations are the subject of Non-Disclosure (NDA) or Confidentiality Agreements (CA), which is normal practice. The 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. Australian Mines can, however, confirm the offtake discussions have covered key terms such as pricing, volumes and indicative timelines.

In parallel, Australian Mines is working to satisfy the due diligence requirements required for these ongoing offtake discussions to progress towards formal contracts. The Company reconfirms its expectation of entering into an offtake agreement in relation to the Sconi Project during calendar year 2021[3].

Australian Mines' confidence in entering into an offtake agreement this year is underpinned by the continuing work the Company is doing to make the Sconi Project a very attractive and ethically derived source of advanced battery materials.

Accelerating P-CAM Research and Development

During the March 2021 quarter Australian Mines accelerated research and development into the production of high value-add P-CAM for Nickel-Cobalt-Manganese (NCM) batteries. Importantly, the nickel, cobalt and manganese used in the production of the P-CAM products were sourced exclusively from the Company's Sconi Project, confirming that the Sconi ore body is capable of supporting production of NCM P-CAM from a single source[4] (see Figure 1)

The Company has commenced a Scoping Study into the economics of incorporating a P-CAM production facility as part of the Sconi Project[5]. It should be noted that any P-CAM production facility may replace part or all of the nickel and cobalt sulphate circuit given that Australian Mines has been successfully producing P-CAM material directly from its intermediate mixed sulphide precipitate (MSP) product without needing to go through the sulphate phase. (See Figure 2)

Developing Sconi's potential to capture more of the value within the battery supply chain through the production of NCM precursor material is supported by broader industry dynamics of growing demand by battery manufacturers, in excess of supply.[6]

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

[4] Australian Mines Limited, Precursor cathode active material production from a single source continues to be demonstrated at Sconi Project, North Queensland, released 29 January 2021.

[5] The Company does not anticipate the ongoing scoping study into the economics of incorporating a P-CAM production facility as part of the Sconi operation will result in a delay, or adversely affect, the timing of Australian Mines' ongoing offtake negotiations.

[6] Benchmark Mineral Intelligence forecasts market nickel sulphate shortfalls of at least 100,000 tonnes in 2024, 500,000 tonnes in 2027 and 1.1 million tonnes in 2030. (source: Benchmarks Nickel Day 2021, 31st March 2021).

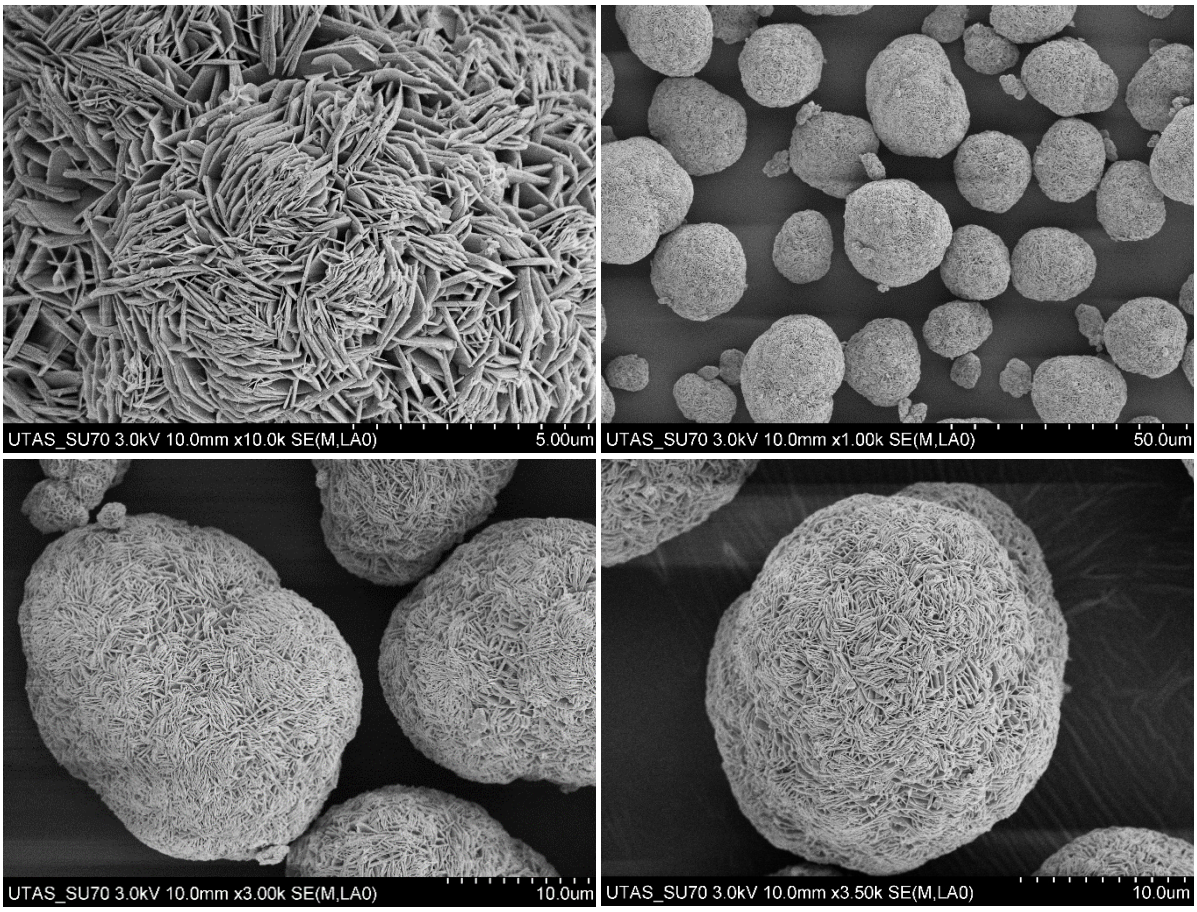

Figure 1: Electron Microscope imagery of Australian Mines' Nickel-Cobalt-Manganese (NCM) precursor cathode active material (P-CAM) produced during the March 2021 quarter.

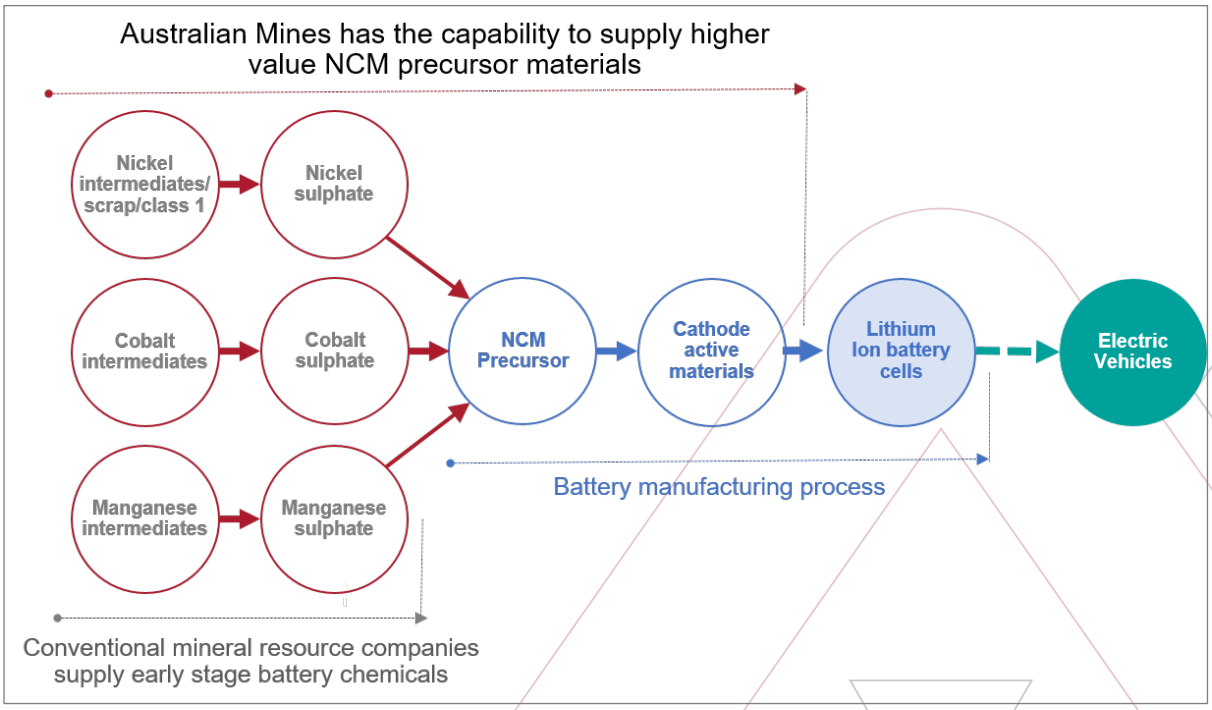

Figure 2: Australian Mines' Sconi Project has the potential to capture more of the electric vehicle battery supply chain by producing Nickel-Cobalt-Manganese (NCM) precursor cathode active material (P-CAM) and cathode active material (CAM; being a lithiated P-CAM).

Supportive industry dynamics

The broader industry dynamics indicates that demand for battery minerals is expected to significantly outstrip supply over the medium term[7] as high-grade sulphide nickel deposits are exhausted, driving the need for new Sconi-style laterite assets to be developed.

To address this projected supply and demand imbalance the potential off-take partners for Sconi will need to lock in new sources of battery minerals, which in turn will reinforce the competitive tensions within the industry.

This expected pinch point in the supply of battery materials has been highlighted in Australian Mines offtake discussions, with at least three potential offtake parties indicating they will require the equivalent volume of five Sconi Projects by 2023/25 to meet their base-case, conservative electric vehicle sales figures. These anecdotal observations from our ongoing offtake discussions suggest 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.

These emerging global supply and demand imbalances support the case for the development of the Sconi Project, however, it is important shareholders are aware that global car and battery manufacturers, with whom the Company is speaking, have their own internal targets and timeframes.

In this context Australian Mines is pleased with the pace of its offtake discussions and the progress achieved to date. The Company is continuing to actively exert its influence to deliver a positive outcome from the ongoing offtake discussions[8] but does not have complete control over the timetable that would lead to a binding offtake agreement. 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.

Leadership on ESG

The Company is the first and, to date, only mineral resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Action Program. This certification followed the company having its application for membership to the Initiative for Responsible Mining Assurance (IRMA) approved. The IRMA is an independent third-party organisation that verifies and certifies socially and environmentally responsible mining.

Australian Mines' commitment to leadership on ESG arises from the Board's and Senior management's view that it is the right way to operate the business, while also emerging as a key consideration for our potential offtake partners.

[7] Benchmark Mineral Intelligence forecasts market nickel sulphate shortfalls of 100 thousand tonnes in 2024, 500 thousand tonnes in 2027 and 1.1 million tonnes in 2030. Benchmarks Nickel Day 2021, 31st march 2021.
[8] Australian Mines Limited, Update on Sconi Project Offtake Discussions, released 23 April 2021.

Sconi Project, Queensland

Destined to be one of the lowest cost cobalt-producing nickel operations globally[9].

Australian Mines continues to deliver against its multi-year plan to develop and enhance Sconi in preparation for full production. Key outcomes to date include:

- **Operating its own fully-integrated pilot plant in Australia since 2017;**
- **Positive Bankable Feasibility Study (BFS) released in 2018;**
- **Enhanced Bankable Feasibility Study (BFS) released in 2019;**
- **30 year mine life plan reported in 2019;**
- **Successfully producing battery grade nickel sulphate and cobalt sulphate since 2018;**
- **Producing battery grade manganese sulphate since 2020;**
- **Manufacturing on-spec NCM 523 and 622 P-CAM since 2020;**
- **Progressed to successfully manufacturing on-spec NCM 811 last quarter;**
- **Expanding to NCM 90/05/05 production in 2021;**
- **Independent P-CAM Scoping Study nearing completion;**
- **Updated design of front-end processing (to materially decrease capex) advancing;**
- **Awarded 'Prescribed Project' status by Queensland Government in 2019;**
- **The only resource company certified Carbon Neutral by the Australian Government;**
- **Supply and demand imbalances creating competitive tension across the EV sector[10];**
- **Continuing to progress 'downstream' to meet EV makers at their assembly floor;**
- **Offtake dicussions progressing with a number of parties.**

Located about 250 kilometres inland from Townsville in North Queensland, Australian Mines' 100%-owned Sconi Project, once developed, is forecast to be one of the most cost-competitive cobalt-producing nickel operations in the world[11] and places the Sconi Project in the lowest cost-quartile compared to other existing and proposed analogous operations globally[12,13] (see Figures 3 and 4).

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[9] **Once in production** (see 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)

[10] Australian Mines believes that the Company, and other pre-production battery metal companies with good projects, is operating in an environment in which there are likely to be multiple "winners" that sign binding offtake agreements. Emerging global supply and demand imbalances for these critical battery metals indicates that many resource companies with a completed and publicly released positive Bankable Feasibility (or Definitive Feasibility) Study can potentially secure a binding offtake for their product/s.

[11] 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

[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

[13] 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

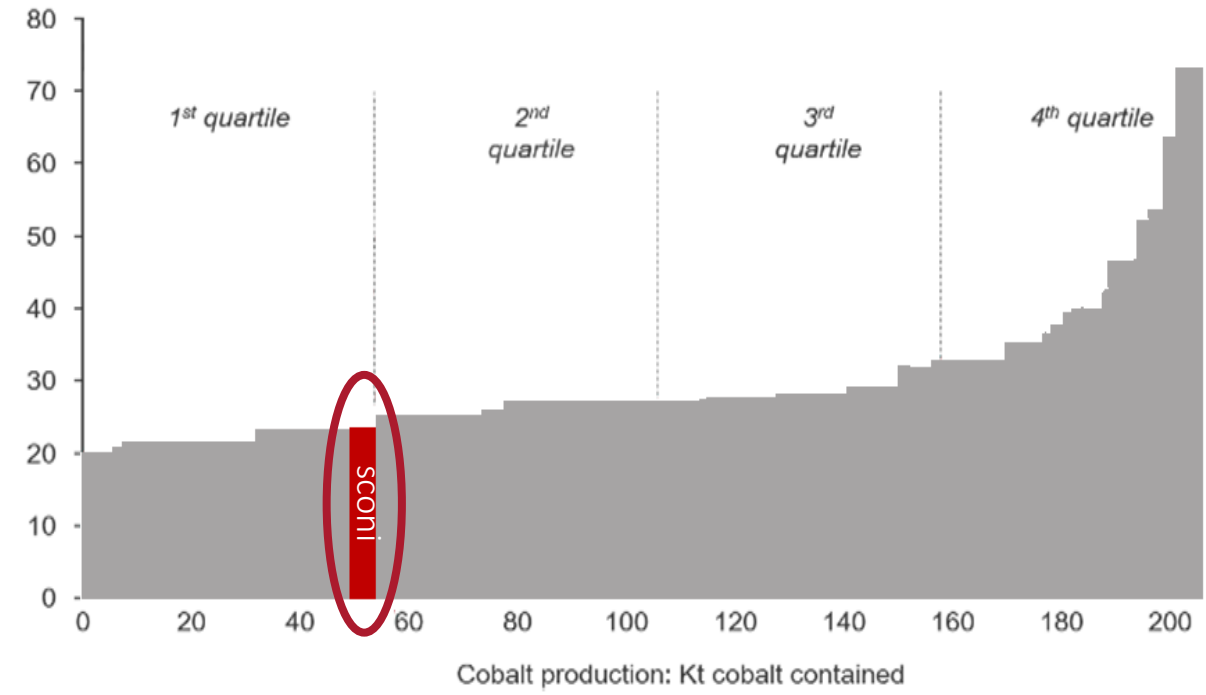

Figure 3: Nickel sulphate cost curve 2025, nominal USD per tonne of nickel contained[14]

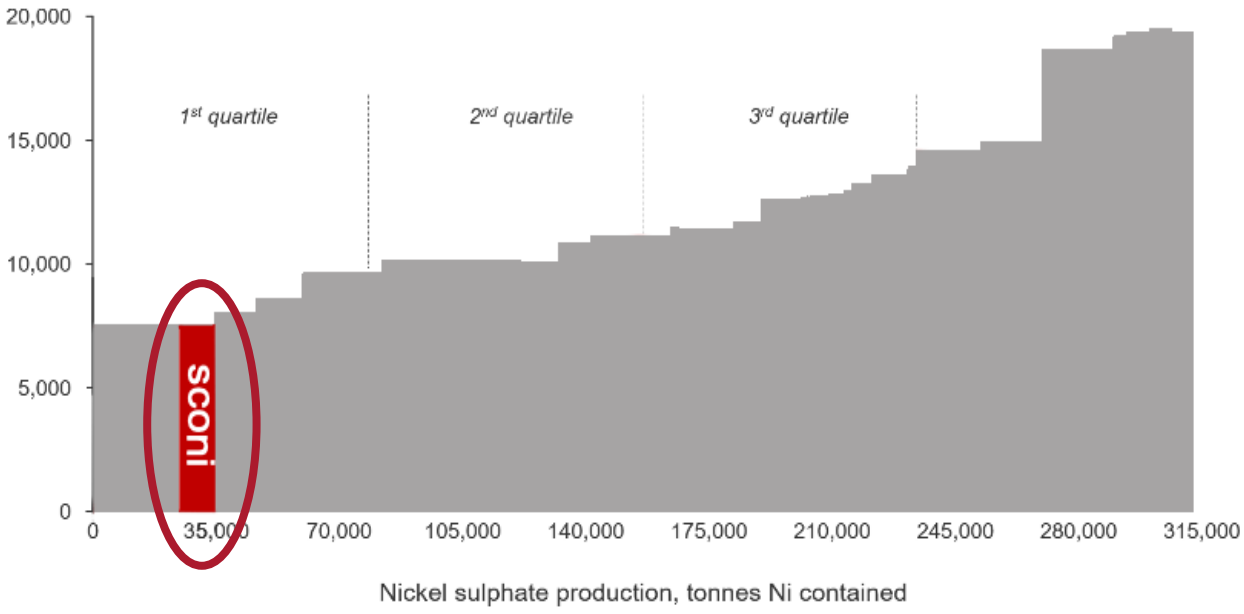

Figure 4: Pro rata cost curve of cobalt producers 2025, Nominal USD per lb cobalt[15]

[14] 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

[15] 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

Leadership in technology metals

Australian Mines recognized, early on, an acceleration of the global macro trend to transition from fossil fuels to renewable energy and the subsequent rapid growth of the electric vehicle (EV) and energy storage sectors.

In 2016, the Company commissioned researchers to undertake a detailed review of every significant cobalt-nickel project in the world and rank them against a range of parameters including: sovereign risk, size of resource, scale of potential operation, access to existing infrastructure and quality of the ore. Based on these parameters, the Sconi Project was ranked amongst the best in the world.

In 2017, Australian Mines made a strategic decision to purchase the Sconi Project from Metallica Minerals Limited[16]. The Sconi Project was acquired for $10 million, and subsequent exploration and development work included a Bankable Feasibility Study (BFS), which projected a Net Present Value (NPV) of $1.47 billion[17].

The Sconi project's profile as a cobalt-producing nickel operation means it is well positioned to capture significant value from supplying battery metals for use in electric vehicles batteries. (see Figure 5)

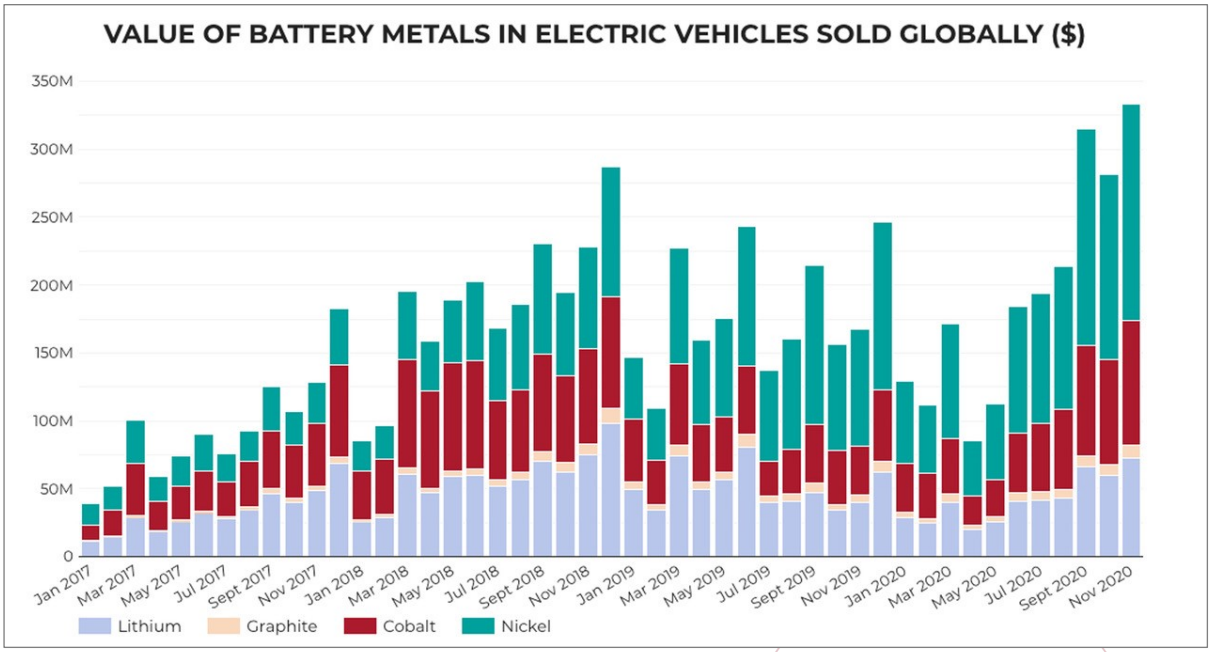

Figure 5: Breakdown of the value of the metals contained within an electric vehicle battery. Note that values of the nickel and cobalt metal within a battery dwarf that of graphite and are usually also exceed that of lithium (source: https://www.mining.com/cobalt-price-rally-lifts-ev-metal-index-to-fresh-record-high/).

[16] Australian Mines Limited, Australian Mines completes Sconi Project transaction for 100% ownership, released 8 December 2017.
[17] Australian Mines Limited, Sconi to generate $5 billion in free cashflow, released 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.

Positive Bankable Feasibility Study supports Sconi's development

The Sconi Project's Bankable Feasibility Study, completed in 2018 and updated in 2019[18], verified the cobalt, nickel and scandium ore body[19] at Sconi could be extracted and processed on commercially attractive terms through the development of open pit mining operations and an on-site processing plant.

The key findings[20] from the BFS are summarised below;

- Expected mine life of 30+ years
- Mineral Resource tonnage exceeds 115 million tonnes
- Contained metal quantities:
    - 738,359 tonnes of nickel and
    - 71,757 tonnes of cobalt
- Total capital costs of US$974 million
- Life-of-Mine total revenue; A$13.27 billion
- Total free cash flow: A$5 billion
- **NPV** $_{(8\%)}$**: A$1.47 billion**
- Forecasted to be one of the most cost-competitive cobalt-producing nickel operations globally

Importantly, the Project's Mineral Resource[21] still remains open and there are at least 19 potential additional nickel/cobalt targets that require further drill testing to fully evaluate[22].

However, with a current mine life of more than 30 years, based on already defined resources, there would be minimal immediate benefit to spending additional capital to simply drill out the targets and expand the resource further.

Indicative conversations with potential offtake partners suggest that they are seeking agreements with terms up to 10 - 15 years, so a life of mine of 30 + years more than satisfies their criteria.

Track record of on-spec battery precursor material supply

Australian Mines' proposed Sconi processing plant will utilise proven, industry-standard technology, which has been comprehensively tested over a number of years via the Company's demonstration-scale plant in Perth, Western Australia.

Recognising the importance of proving both the robustness of the HPAL (High Pressure Acid Leach) technology as well as Australian Mines' ability to repeatedly deliver on-spec products

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[18] Australian Mines Limited, Sconi to generate $5 billion in free cashflow, released 13 June 2019.
[19] See Appendix 2 of this report for full details of the Ore Reserve for the Sconi Project
There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.
[20] Australian Mines Limited, Sconi to generate $5 billion in free cashflow, released 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.
[21] See Appendix 3 of this report for full details of the Mineral Resource for the Sconi Project
There has been no Material Change or Re-estimation of the Ore Reserve since this 21 October 2019 announcement by Australian Mines.
[22] Australian Mines Limited, Additional nickel and cobalt targets identified at Sconi Project, North Queensland, released 15 May 2020.

to a future offtake partner, in 2017 Australian Mines took the rare step (for the industry) in committing to building and operating a demonstration-scale processing plant.

Sample nickel sulphate and cobalt sulphate crystals produced from Sconi ore using the Company's own demonstration (or pilot) plant have since been independently assessed by a range of potential offtake partners and found to meet their exacting standards (see Figure 6)

Australian Mines, through its negotiations with potential offtake partners, gains insights into the requirements of the electric vehicle battery industry. As a result, the Company has built flexibility into the design of the proposed processing flowsheet to ensure the output from the Sconi processing plant continues to meet the required specifications and so the products required by our potential offtake partners can be adapted to future evolutions in electric vehicle battery chemistry.

Figure 6: Collage of photographs taken of Australian Mines' demonstration scale processing plant in Western Australia, including images of the final cobalt sulphate (pink) and nickel sulphate (blue/green) and the intermediate mixed sulphide precipitate (MSP; black), which are routinely being produced.

Ability to meet all current electric vehicle battery chemistries

A clear example of our aforementioned demonstration plant's design versatility is that the plant is now being used successfully to produce high value-add precursor cathode active material known as "P-CAM" for NCM lithium-ion batteries as Australian Mines seeks to extract additional value from the Sconi Project.

This move into P-CAM production is at the request of a number of potential industry partners and the results to date have been highly positive. Australian Mines successfully produced P-CAM for NCM523 and NCM622 lithium-ion batteries during 2020, and completed a successful a series of production runs of P-CAM for NCM811 lithium-ion batteries during the March quarter.

Further production runs of P-CAM are planned for 2021, including an NCM 90/05/05 P-CAM, as the Company seeks to finalise its offtake discussions with interested partners.

Economic advantages of producing P-CAM materials for the battery sector

The table below demonstrates the rapid and material price escalation of these precursor chemicals in comparison to the sulphates that would be applicable should Australian Mines move along the production chain.

The improved economics of selling P-CAM over sulphate is currently driving the direction of our offtake discussions. The margins on the P-CAMs, be it NCM 523, 622 or 811, are very attractive (compared to selling sulphates) with the additional capex related to producing P-CAM precursors (from sulphates from the Sconi plant) currently subject of a scoping study.

Material	Price ($AUD)	Units
NCM 523 CAM	27.26	Per kg
NCM 622 CAM	32.48	Per kg
NCM 811 CAM	43.50	Per kg
NCM 523 P-CAM	17.75	Per kg
NCM 622 P-CAM	19.26	Per kg
NCM 811 P-CAM	19.84	Per kg
Nickel sulphate	5.34	Per kg
Manganese sulphate	1.45	Per kg
Lithium hydroxide	49.30	Per kg

Table 1: Current market prices for P-CAM, CAM and precursor materials (from Li-ion battery cathode manufacture in Australia – a report released by the Future Battery Industries CRC in 2020)

Offtake negotiations advancing

As reported by Australian Mines on 23 April 2021[23], 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 2020.

Australian Mines' 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.

Potential offtake partners are acutely aware of the projected supply and demand imbalances for battery minerals. This is creating competitive tension across the electric vehicle sector. Consequently, there appears to be a growing desire for car manufacturers and battery manufacturers alike to lock in new sources of battery minerals as surging global demand will shortly outstrip supply.

With at least three potential offtake partners having indicated they require the equivalent volume of five Sconi Projects by 2023/25 to meet their base-case, conservative EV sales figures, this translates in the electric vehicle sector alone likely needing at least the equivalent of 15 Sconi-size nickel-cobalt projects to be in production by 2023/25.

As a result, Australian Mines believes that the Company, and other pre-production battery metal companies with quality projects, are operating in an environment in which there are likely to be multiple "winners" that sign binding offtake agreements. Emerging global supply and demand imbalances for critical battery metals suggests that many resource companies which have completed and publicly released a positive Bankable Feasibility (or Definitive Feasibility) Study can potentially secure a binding offtake for their product/s.

From Australian Mines' perspective, the Company is pleased with the pace of its offtake discussions and the progress achieved to date. As indicated in its ASX release of 23 April 2021, Australian Mines is continuing to actively influence, but cannot unilaterally control, the timetable that would lead to a binding offtake agreement.

Again, it should 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.

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[23] Australian Mines Limited, Update on Sconi Project Offtake Discussions, released 23 April 2021

Project financing discussions continuing

As previously outlined by the Company via its December 2020 Quarterly Activities Report[24], Australian Mines continues to engage with a range of project financiers including various credit export agencies, green energy funds, commercial banks, mezzanine financiers and international banks (for both debt and equity).

These engagements are covered by Non-Disclosure Agreements and any advancement of those discussions will be disclosed via the ASX's Market Announcements Platform in line with Australian Mines' continuous disclosure obligations.

The Company reiterates that interest in financing the Sconi Project has been maintained since the publication of the Bankable Feasibility Study in 2018-19[25,26] and that any project finance package is contingent on Australian Mines entering into binding offtake agreement/s for the supply of nickel and/or cobalt products.

Battery precursor materials are not commodities quoted on the London Metal Exchange. Consequently, financing agreements for such commodities usually require an agreed pricing mechanism to be included in any binding offtake agreement.

As part of Australian Mines' current offtake agreement negotiations, consideration is being given to various pricing mechanisms. It should be noted that Australian Mines has significant commercial flexibility to consider a broad range of potential pricing mechanisms because the Sconi Project, once in production, will be in the lowest cost quartile producers of battery materials globally[27].

The Company is continuing discussions with its potential financiers and offtake partners to ensure the price mechanism included in any binding offtake agreement/s is acceptable to all parties and maximises value for Australian Mines' shareholders.

Enhancing the value of the Sconi Project's potential

During the quarter, Australian Mines continued its research and development program with Deakin University's *Institute for Frontier Materials*, which is designed to develop new aluminium alloys incorporating scandium.

If successful, this project will further enhance the commercial potential of Australian Mines' Sconi Project given that the current Bankable Feasibility Study for the Sconi Project does not factor in any revenue from scandium sales[28].

The Australian and USA Governments as well as the European Union recently classified scandium as a 'critical commodity', which has highlighted the Sconi Project as a potential source of high purity scandium.

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[24] Australian Mines Limited, Quarterly Activities Report for the period ended 31 December 2020, released 29 January 2021
[25] Australian Mines Limited, Bankable Feasibility Study Announcement, released 20 November 2019
[26] Australian Mines Limited, Sconi to generate $5 billion in free cashflow over 30-year mine life, released 13 June 2019
[27] Compared to other existing and proposed analogous operations globally (see Australian Mines Limited, Independent market study places Sconi in the 1st quartile of cost curve for global cobalt sulphate and nickel sulphate production, released via the ASX platform on 12 February 2019)
[28] Australian Mines Limited, Sconi to generate $5 billion in free cashflow, released 13 June 2019

Australian Mines has been selling scandium oxide to interested parties since 2018 and the Company will continue to offer scandium oxide for sale in 2021 at highly competitive prices[29].

Again, it is important to reiterate that the sale of scandium oxide is not factored into the current economic model for the Sconi Project. Therefore, any future material sales contract or offtake for scandium oxide signed by Australian Mines only enhances the already attractive business case for Sconi.

AML Advanced Materials Limited

Developing energy storage solutions for the renewable energy sector;
Further promising early-stage, preliminary results noted during the reporting period;
Detailed information on projects to be made public once patent protections in place

Consistent with Australian Mines' focus on the electric vehicle and energy storage industries, the Company has expanded its research and development capabilities via the establishment of the AML Advanced Materials Limited subsidiary[30].

AML Advanced Materials is leveraging the Company's existing research and development activities to become imbedded in the green energy sector. The principal areas of focus for AML Advanced Materials are energy storage and power transmission, which position it as a rapidly emerging green energy company.

The early-stage, preliminary results of the Company's research are highly encouraging and more detailed information on these projects will be made available if, and when, the appropriate patent protections are in place.

[29] As stated in Australian Mines' Quarterly Activities Report for the period ended 31 December 2020 (released 29 January 2021), in order to protect the Company's emerging customer base for scandium oxide and given that the value of the individual sales to date is below the Company's reporting threshold, Australian Mines does not intend to make public the names of its scandium oxide customers or the exact selling price of its scandium oxide. However, we reiterate that the sales price of its scandium oxide is less than half the US$1500 per kilogram that the Company has observed being quoted in the economic models of others seeking to operate in this space.
[30] https://amlam.co.uk/

Flemington Project, New South Wales

Cobalt-scandium-nickel mineralisation remains open along strike of existing resource; Copper-gold target identified, supported by oxide copper observed on surface; Geophysical survey completed over copper-gold target during the reporting period; Results from geophysical survey anticipated to be received by the end of this quarter.

Australian Mines' 100%-owned Flemington Project is located approximately 370 kilometres west of Sydney in New South Wales, Australia (see Figure 7).

This Project hosts a 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 category[31].

In late 2019, the Company completed a resource expansion drilling program at Flemington[32], with the resulting assays[33] indicating that the cobalt-scandium-nickel mineralisation potentially remains open to the west and north of the existing Resource.

In addition to cobalt, scandium and nickel mineralisation, a recently completed independent review of the Flemington Project identified several new gold and copper targets that warrant follow-up exploration[34]. Referred to as *Target A* and *Target B* in the Company's June 2020 announcement[35], these targets appear analogous to copper-gold discoveries across the Lachlan Fold Belt[36], being the geological terrane that hosts Australian Mines' Flemington Project (See Figure 8).

Copper mineralisation has been observed[37] by Australian Mines' exploration team in the vicinity of *Target A* (see Figure 9*)*. This strengthened the case for the Company undertaking a cost-effective geophysical survey over the target area to ascertain an approximate scale of any copper-gold anomalies or mineralisation at *Target A.*

As a result, Australian Mines subsequently commissioned a ground-based geophysical (induced polarisation) survey over the Flemington Projects' *Target A* during the reporting period[38].

The data acquisition phase of the induced polarisation survey has now been completed, with data processing, modelling and interpretation of the resulting data scheduled to commence in May.

Final results of the induced polarisation survey over *Target A* are anticipated to be received by the Company towards the end of the current quarter.

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[31] 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.
[32] Australian Mines Limited, Resource extension drilling commences at Flemington project, released 2 October 2019
[33] Australian Mines Limited, Additional targets identified at Flemington Project, NSW, released 23 June 2020
[34] Australian Mines Limited, Additional targets identified at Flemington Project, NSW, released 23 June 2020
[35] Australian Mines Limited, Drilling of base metal targets commences at Thackaringa, released 29 June 2020
[36] Alkane Resources Gold-Copper Mineralisation at Boda Prospect http://investors.alkane.com.au/site/PDF/2491_0/DiscoversSignificantPorphyryAuCuMineralisationatBoda
[37] Australian Mines Limited, Quarterly Activities Report for period ended 30 September 2019, released 23 October 2019
[38] Australian Mines Limited, Geophysical survey commenced over porphyry copper-gold target at Flemington Project, New South Wales, released 6 April 2021

A further induced polarisation survey has been slated by the Company over the second conceptual Boda-style copper-gold target (*Target B*) in early 2022 to dovetail with various agricultural activities being undertaken across the region.

Shallow soil sampling programs have also been earmarked to test the tenor of gold and platinum mineralisation previously noted within the Company's Flemington Project area (*Target C*; see Figure 7). The timing of this surface geochemical sampling program is yet to be finalised.

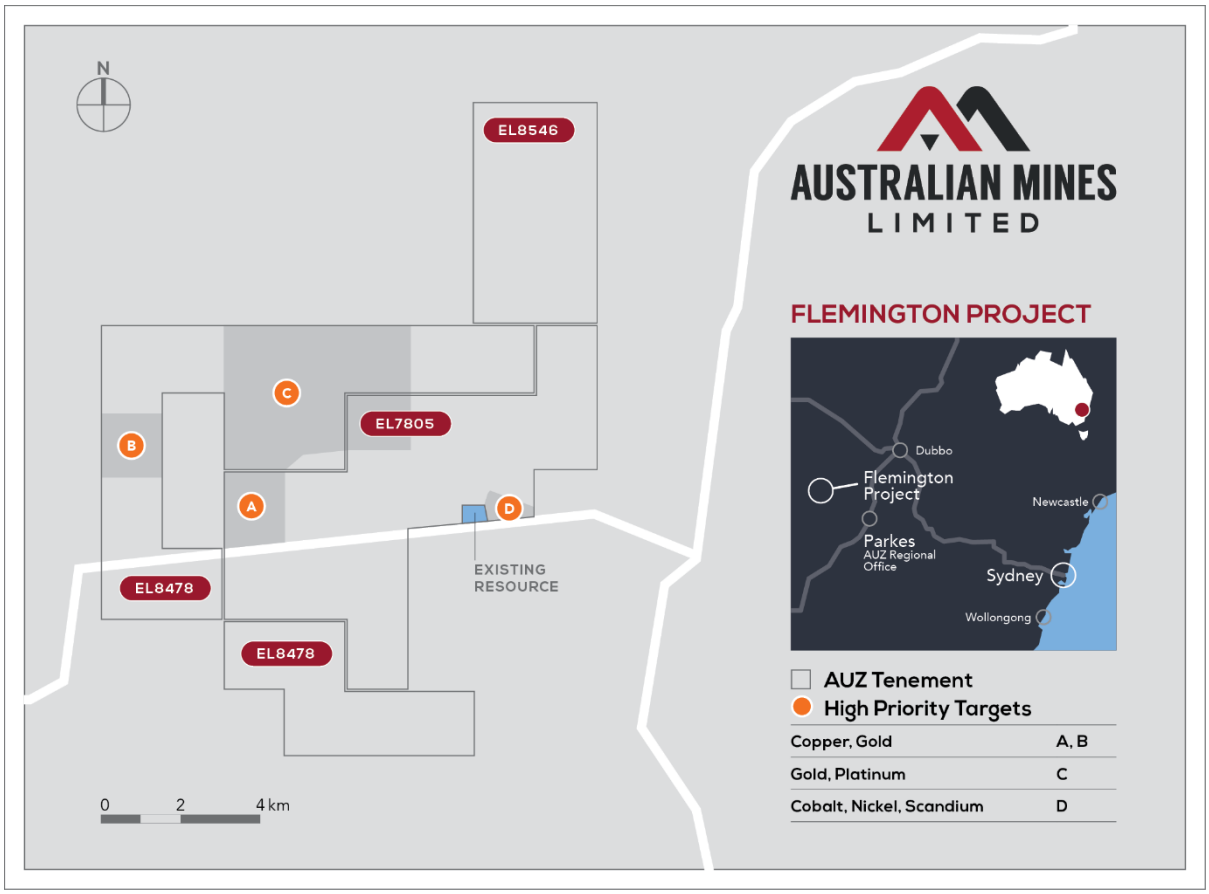

Figure 7: Australian Mines' 100%-owned Flemington Project is located approximately 370 kilometres west of Sydney in New South Wales, Australia. An independent review, which included utilising machine learning, identified four prospective target areas within the Company's Flemington Project (labelled targets A, B, C and D in this figure) that warrant follow-up exploration.

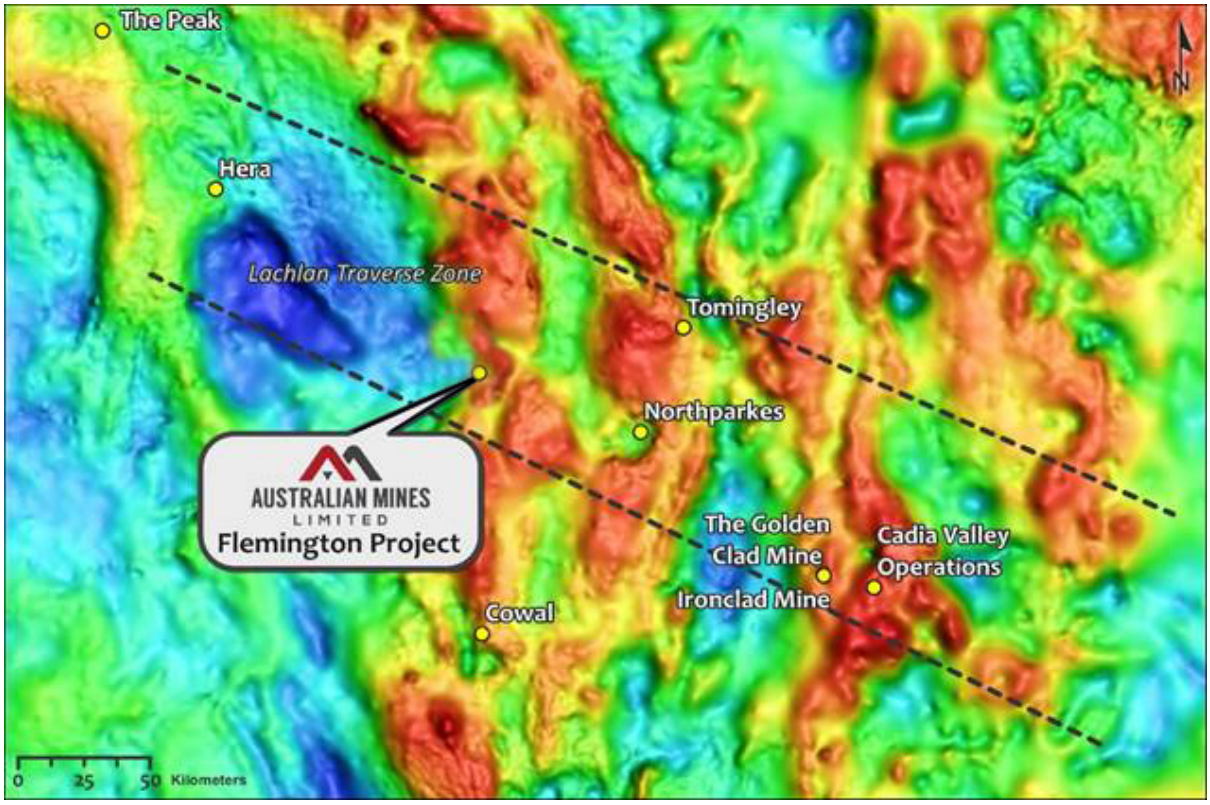

Figure 8: Australian Mines' 100%-owned Flemington Project is located within the Lachlan Transverse Zone (as bounded by the black dashed lines in this figure), which hosts a number of world-class copper-gold deposits.

Figure 9: Photographs taken of outcropping copper mineralisation observed at the Company's Flemington Project by Australian Mines' geological team.

Broken Hill Project, New South Wales

Sulphide mineralisation with anomalous lead, zinc, silver and copper intersected;
Geophysics suggests higher grade sulphide mineralisation may be present;
Drill testing of conductors scheduled to commence this quarter.

Australian Mines' 100%-owned Broken Hill Project is an early-stage lead-zinc-silver (+ copper) exploration project located near Broken Hill in New South Wales, Australia (see Figure 10).

In October 2020, the Company announced positive results from the maiden drilling program at Broken Hill, which included intersecting a significant 22-metre-thick zone of copper enrichment and silver at grades of up to 113 grams per tonne at the Alpha 1 target[39].

Significantly, all holes drilled as part of this maiden exploration program intersected the same host geology as the nearby supergiant lead-zinc-silver orebody at Broken Hill, with all holes likewise intersecting sulphide mineralisation with anomalous lead, zinc, silver and copper[40].

In late 2020, the Company also completed a series of downhole electromagnetic surveys of the Alpha 1 and Alpha 5 targets at Broken Hill together with separate moving loop electromagnetic and induced polarisation surveys over the Alpha 5 target (see Figure 11).

In combination, the drilling program and downhole electromagnetic surveys at Alpha 1 successfully identified an interpreted off-hole conductive source, which, given its geophysical characteristics, appears suggestive of higher grade sulphide mineralisation[41] (see Figure 12).

Consequently, Australian Mines is proposing to drill test the interpreted off-hole conductor at Alpha 1 during the June 2021 quarter. Further details of this program will be announced closer to its commencement date.

Interpretation of the results from the downhole electromagnetic, moving loop electromagnetic and induced polarisation surveys at the Alpha 5 target similarly indicates that a conductive source may be present in close proximity to where Australian Mines drilled its recent reverse circulation holes[42]. In this case, the geophysical data suggests that this body is located immediately east of the Company's recent drilling, has a low resistivity, dips to the west with the conductivity of the body becoming stronger with depth (see Figure 13).

Australian Mines is, therefore, also proposing to drill test the buried conductor at Alpha 5 during the June 2021 quarter, with further details to be announced closer to the program's commencement date.

[39] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020
[40] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020
[41] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020
[42] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

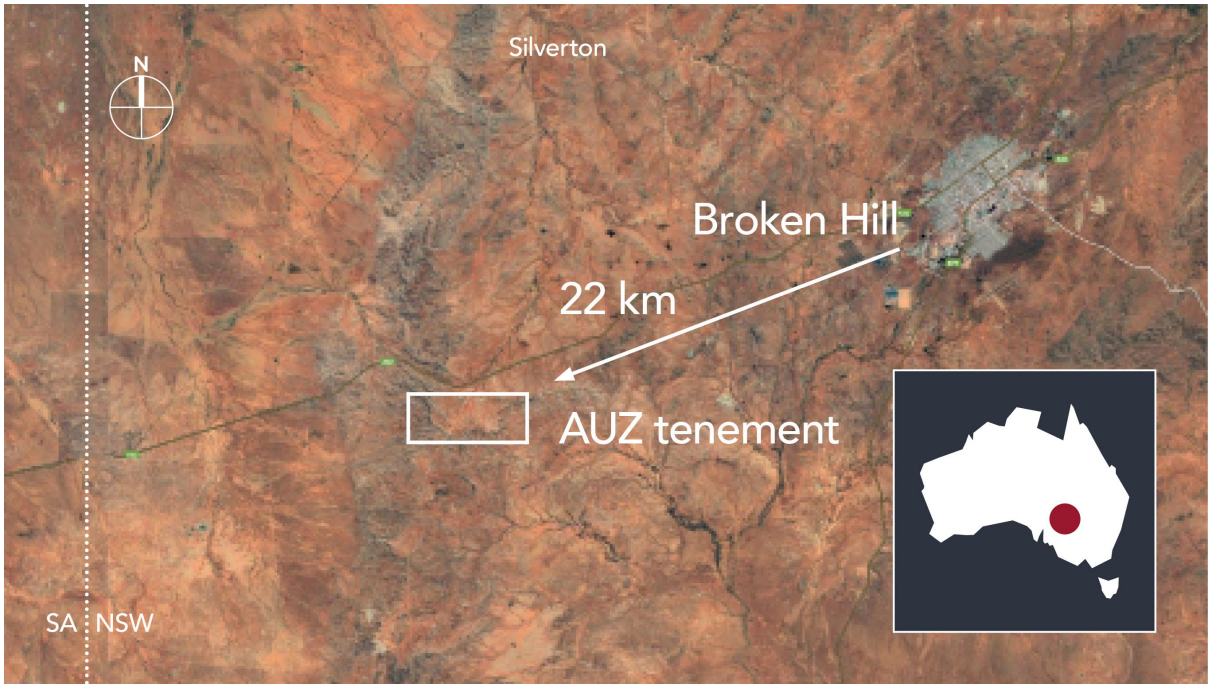

Figure 10: Australian Mines' Broken Hill Project is located along strike of, and has the same interpreted geology as, the nearby supergiant Broken Hill lead-zinc-silver deposit.

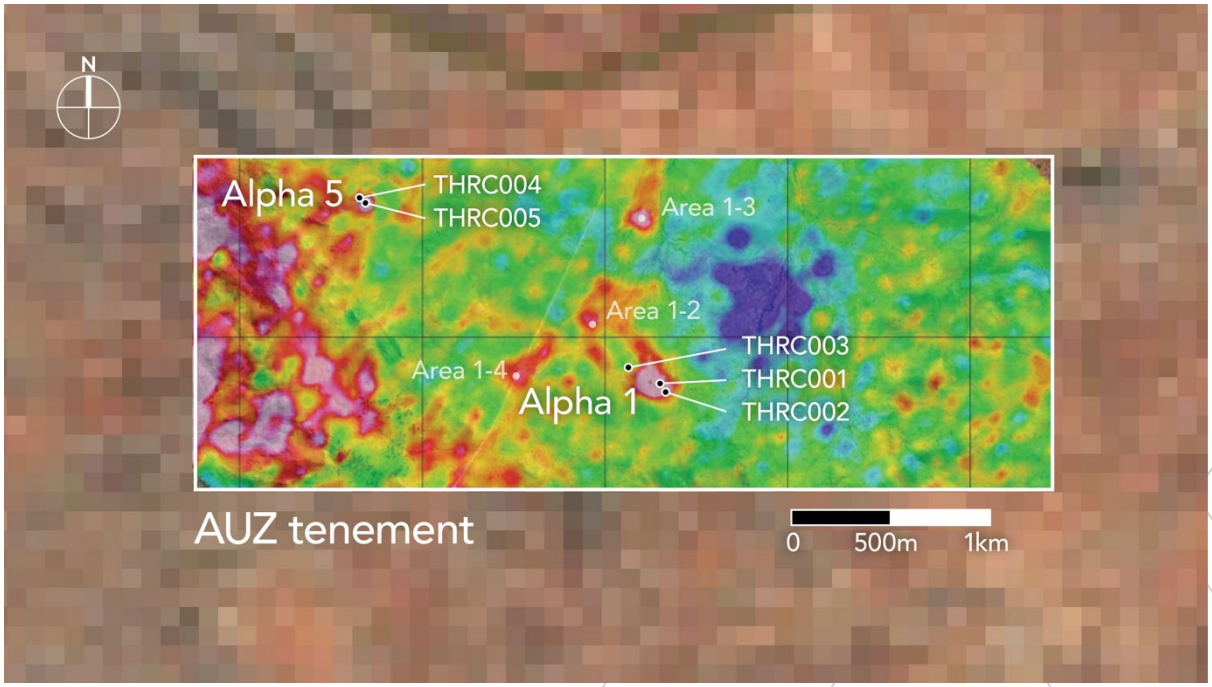

Figure 11: Drill collar location map relative to the anomalies interpreted from the Company's airborne electromagnetic survey data.

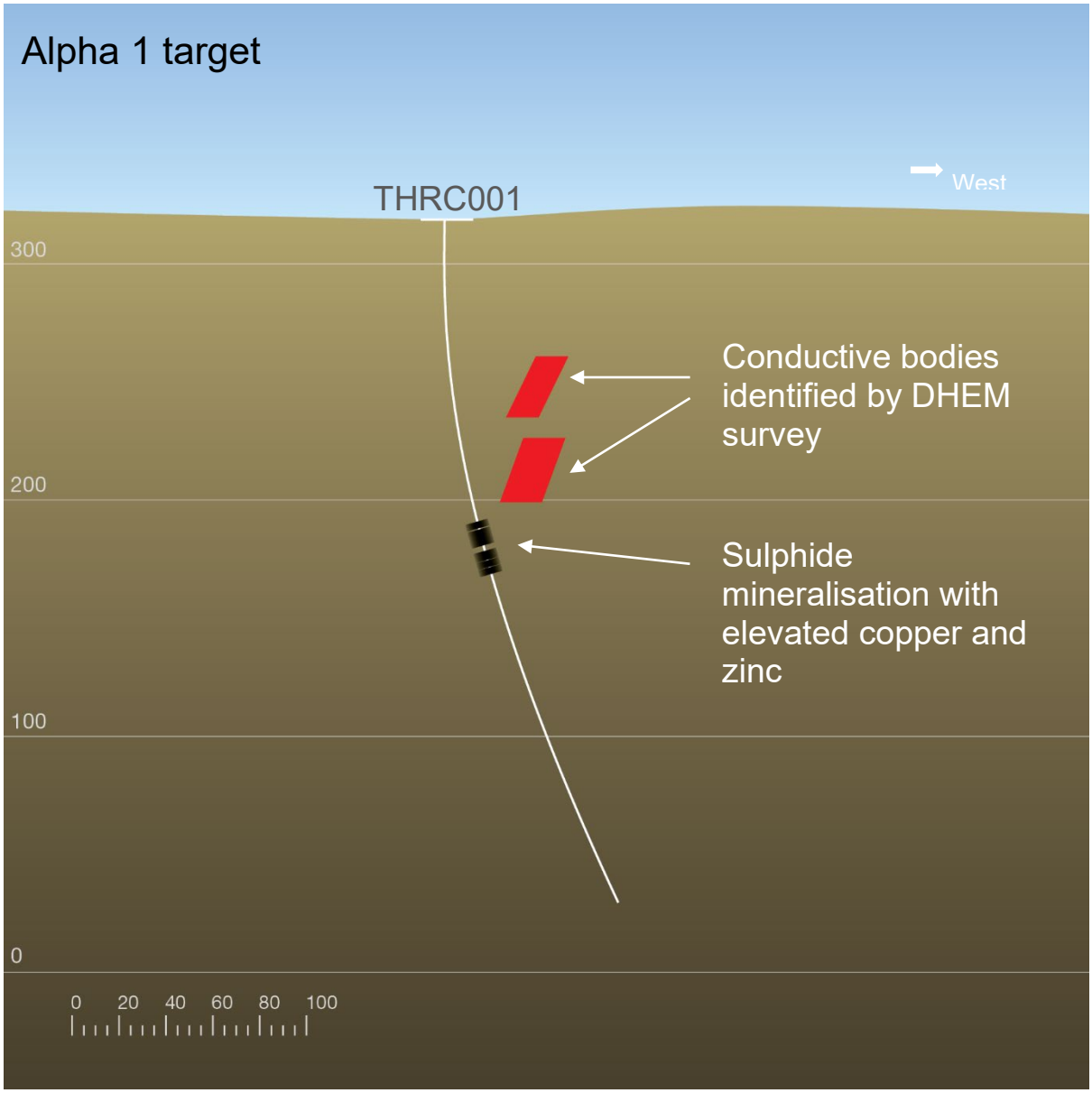

Figure 12: Modelling of the downhole electromagnetic (DHEM) data acquired during Australian Mines' maiden drilling program at Broken Hill suggests that the main conductive source at Alpha 1 is nearby to the significant zone of copper enrichment logged in drill hole THRC001. These off-hole conductors are interpreted as weak to moderate conductors and are considered by the Company's consulting geophysicists to be worthy of follow-up drilling[43].

[43] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

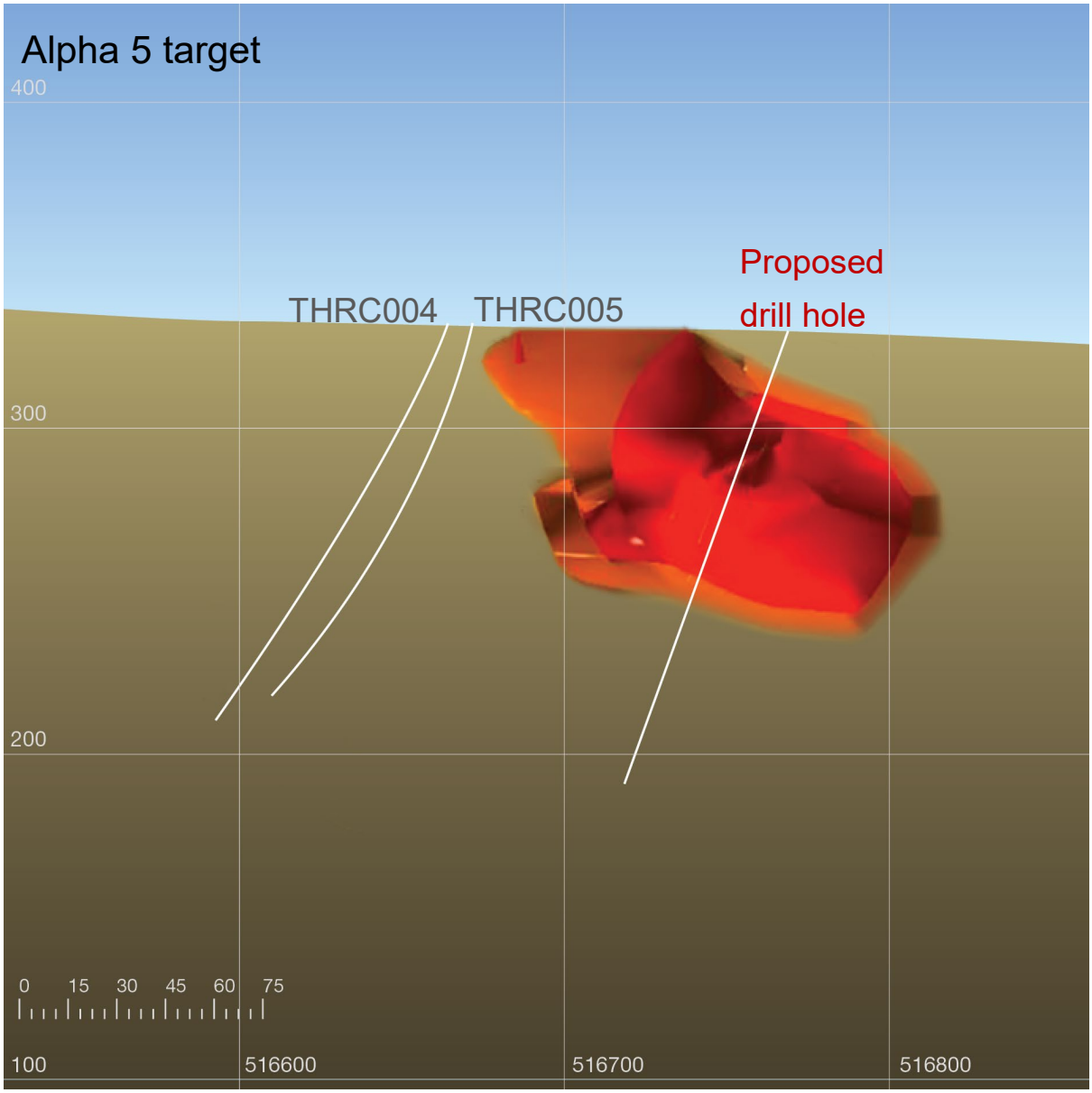

Figure 13: Drill holes THRC004 and THRC005 were targeting an airborne electromagnetic (AEM) anomaly at the Alpha 5 target. Interpretation of the moving loop electromagnetics and induced polarisation surveys, post drilling, suggests that the weak AEM anomaly is sourced to the east of the original target, has a low resistivity, dips to the west and is stronger at depth (as shown by the red shaded polygon in this image). Holes THRC004 and THRC005 have low metal values throughout their entire length, except for a small interval of 2 metres @ 0.13 g/t gold and 0.14% copper from 81 metres down hole in THRC005. This interval, which contains trace amount of sphalerite (zinc sulphide) and galena (lead sulphide) highlights that a source for these metals (namely, lead-zinc-silver+gold) is potentially present in close proximity to these holes at the Alpha 5 target[44].

[44] Australian Mines Limited, Positive results support additional drilling at Broken Hill Project, New South Wales, released 6 October 2020

Distribution of Norwest Minerals Limited Shares

Completed on 6 April 2021

In October 2020, Australian Mines announced[45] its intention to put a resolution to shareholders at a General Meeting to undertake a capital return via an in-specie distribution of its remaining shareholding in Norwest Minerals Limited (ASX: NWM).

Australian Mines shareholders approved this resolution at a General Meeting held on 23 March 2021, and the in-specie distribution of Norwest Minerals shares to Australian Mines shareholders was completed in April 2021[46].

The Company was unable to distribute Norwest Minerals shares to ineligible Australian Mines shareholders where an unmarketable parcel would have been created. As set out in the General Meeting document, the Company has pooled the unmarketable parcel shares for sale. The proceeds from that sale will be distributed to the ineligible Australian Mines shareholders in due course.

*** ENDS ***

[45] Australian Mines Limited, Australian Mines to distribute its Norwest Minerals shareholding to investors, released 26 October 2020

[46] Australian Mines Limited, Distribution of Norwest Minerals Limited shares, released 7 April 2021

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

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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.

Appendix 1: Summary of Expenditure

	Total as per Cashflow Appendix 5B	Sconi Project	Flemington Project	Broken Hill Project	Australian Mines
Exploration & Evaluation	151,199	0	94,973	39,100	17,126
Development	568,817	568,817	0	0	0
Total	**720,016**	**568,817**	**94,973**	**39,100**	**17,126**

Table A1-1: Project development, exploration and evaluation expenditure (in Australian dollars) by Australian Mines for the period ended 31 March 2021.

The aggregate payments to related parties and their associates for the reporting period under item 6.1 of the Company's accompanying Appendix 5B (Quarterly Cashflow Report) was $146,000 which constitutes director fees, salaries and superannuation.

An amount of $32,000 is also shown in item 6.2 of the Company's accompanying Appendix 5B for this period. This figure does not reflect a payment to any related party and their associates but is, instead, simply a partial allocation of an executive director's salary to "*exploration & evaluation*" within Australian Mines' accounts for working closely on some specific exploration activities during the reporting period.

No consulting fees were paid to any related parties or their associates during the quarter.

Similarly, no payments in any form (except for the standard director fees, salaries, and superannuation) were paid to any related party of Australian Mines or their associates during this reporting period.

The administration and corporate costs shown in item 1.2 of Australian Mines' accompanying Appendix 5B for the period ended 31 March 2021 represent the general costs associated with operating a publicly listed entity, including (but not limited to): ASX listing and share settlement fees; share registry fees and charges; legal and accounting fees; preparation and distribution of the Company's March 2021 Notice of General Meeting to shareholders, and the undertaking of the Meeting thereof; and office rents and services.

As indicated by its accompanying Appendix 5B, Australian Mines' operations (ex. Sconi plant construction) are fully funded into the 2022 calendar year, thus enabling the Company to continue to advance its projects and research at levels consistent with preceding years.

Appendix 2: 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 A2-1: 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 A3-1 to A3-3 of Appendix 3 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 3: Mineral Resource Estimates

Sconi Project, Queensland, Australia

(Effective 14 February 2019)[47]

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 A3-1: 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 A3-2: 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 A3-3: Kokomo Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.45%)

[47] The Mineral Resource Estimates for the Greenvale, Lucknow and Kokomo deposits are reported under JORC 2012 Guidelines and were reported by Australian Mines 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 6 of this report.

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 A3-4: Bell Creek Mineral Resource[48]

(Lower cut-off grade: Nickel equivalent 0.45%).

Classification	Tonnes (million tonnes)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
Total	**14.3**	**0.66**	**0.03**

Table A3-5: Minnamoolka Mineral Resource[49]

(Lower cut-off grade: Nickel 0.45%)

[48] The Mineral Resource Estimate for the Bell Creek deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines 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.
[49] The Mineral Resource Estimate for the Minnamoolka deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines 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.

Nickel equivalent (NiEq) calculations are described in detail in Appendix 6 of this report.

Flemington Project, New South Wales, Australia

(Effective 31 October 2017)[50]

Classification	Tonnes (million tonnes)	Cobalt (%)	Scandium (ppm)
Measured	2.5	0.103	403
Indicated	0.2	0.076	408
Total	**2.7**	**0.101**	**403**

Table A3-6: Flemington Mineral Resource

(Lower cut-off grade: Cobalt 0.03%)

[50] The Mineral Resource Estimates for the Flemington deposit is reported under JORC 2012 Guidelines and were reported by Australian Mines 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.

Appendix 4: Competent Persons' Statements

Sconi Project, Queensland, Australia

The Mineral Resource for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource for the Greenvale, Lucknow and Kokomo deposits within the Sconi Project were first reported by Australian Mines 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.

The information in this report that relates to Sconi Project's Greenvale, Lucknow and Kokomo 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 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.

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.

The Mineral Resource for the Bell Creek deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines 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.

The information in this report that relates to the Sconi Project's Bell Creek Mineral Resource 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 Mineral Resource for the Minnamoolka deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines 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.

The information in this report that relates to the Sconi Project's Minnamoolka 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 Project, New South Wales, Australia

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

Information in this report that relates to Flemington 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. 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.

Broken Hill Project, New South Wales, Australia

The information in this report that relates to the Broken Hill Project's Exploration Results is based on information compiled by 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. 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 5: 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 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 or Australian Mines’ securities.

Appendix 6: Nickel Equivalent Calculation – Sconi Project, Queensland

Nickel equivalent (NiEq) grades referenced 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:

Foreign exchange rate - 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.

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

Appendix 7: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML 10342	Granted	100%
Queensland	Sconi	ML 10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	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%
Queensland	Sconi	EPM 26853	Granted	100%
Queensland	Sconi	EPM 26857	Granted	100%
Queensland	Sconi	EPM 26918	Granted	100%
Queensland	Sconi	EPM 27529	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	EL 8855	Granted	100%
New South Wales	Broken Hill	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
-	-	-	-	-	-