

9 February 2022

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

ASX RELEASE

Sconi Project - Greenvale Mining Lease Compensation Agreement

Australian Mines Limited (“Australian Mines” or “the Company”) advises that its wholly-owned subsidiary Sconi Mining Operations Pty Ltd (ACN 614 910 191) (**Sconi**) has signed a compensation agreement with the underlying private landholder of “Lucky Downs” station, which will be subject to the Greenvale mining lease (ML application 10368) (**Greenvale Mining Lease**) at the wholly-owned Sconi Nickel-Cobalt-Scandium Project in North Queensland.

The compensation agreement covers the impact of the grant of the Greenvale Mining Lease and associated mining and infrastructure activities for the Sconi Project for the purposes of the *Mineral Resources Act 1989* (Qld). The Company expects the Greenvale Mining Lease to be granted within the next three months.

The compensation agreement requires Australian Mines to pay to the landowners an up-front compensation payment of \$250,000 upon signing, together with a further amount of \$150,000 as reimbursement of expenses incurred with respect to the agreement within 30 days.

The compensation agreement continues for the life of the Greenvale Mining Lease, unless Sconi has not provided the landowners with a notice that it has achieved Financial Close (defined below) within 5 years from the date of the compensation agreement, in which case (unless extended for a further 3 years as described below) the agreement terminates and Sconi is required to surrender the Greenvale Mining Lease.

For the purposes of the compensation agreement, 'Financial Close' means when all financing documents providing for financial assistance by any lenders, equity documents and any documents in respect of debt have become effective and Sconi has access to such financial assistance to begin the Sconi Project, only if in Sconi's discretion at that date all approvals, conditions, authorisations or agreements that provide efficacy to the Sconi Project are (in Sconi's discretion) in place.

The 5-year financing period may be extended by a further period of 3 years, if Sconi provides the landholder with evidence that reasonable endeavours have been made to reach Financial Close, and pays the landowner a further amount of \$250,000 in respect of the extension.

If Sconi provides a Financial Close Notice to the landholder before the expiration of the initial 5-year period (as may be extended by 3 years as described above), a further agreed commercial-in-confidence compensation amount will be paid by Sconi to the landholder.

As previously advised,¹ Australian Mines is seeking to finalise agreements with a range of project financiers including various export credit agencies (both Australian and international), green energy funds, commercial banks, mezzanine financiers, and international banks (for both debt and equity capital).

The current targeted timeline to secure project financing is on or before 30 June 2022. The minimum 5-year period in which financing may be achieved under the compensation agreement is expected to be sufficient for Sconi to achieve its financing objectives for the Sconi Project, should Financial Close be later than expected.

The financing negotiations will be the subject of Non-Disclosure (NDA) or Confidentiality Agreements (CA) as is normal practice. Australian Mines will provide updates to the ASX regarding Sconi Project financing, in accordance with Australian Mines' continuous disclosure obligations and its commercial confidentiality restrictions.

¹ Australian Mines Limited, *Quarterly Activities Report for period ended 31 December 2021* (ASX: 31 January 2022); Australian Mines Limited, *2021 AGM Address to Shareholders* (ASX: 17 December 2021).



The compensation agreement otherwise contains terms which are consistent with industry standards for compensation agreements of this nature.

ENDS

For more information, please contact:

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Authorised for release by the Board of Directors of Australian Mines Limited



Australian Mines Limited 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, minimises harm to the environment, and leaves positive legacies.