

28 July 2023

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

ASX RELEASE

Quarterly Activities Report for period ended 30 June 2023

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide its Quarterly Activities Report for the period ending 30 June 2023. During the period, the Company focussed on advancing its flagship, 100%-owned Sconi Nickel-Cobalt-Scandium Battery Minerals Project in North Queensland (“Sconi”).

Key Activities include:

Sconi Battery Minerals Project:

- **Granting of ML 10368:** Australian Mines Limited wholly owned subsidiary Sconi Mining Operations Pty Ltd was granted Mining Lease 10368 for the Greenvale mining area by the Queensland Government Department of Resources on 4 July 2023, subsequent to the quarter end. This mining lease, combined with the Lucknow and Kokomo mining leases, forms the critical battery minerals Sconi Nickel-Cobalt-Scandium Project in North Queensland.
- **Environmental Impact Statement:** The Queensland Department of Environment and Science (DES) approved the Environmental Impact Statement (EIS) process following the submission of the Initial Advice Statement (IAS) in Q1, as the pathway to environmental approval for the Sconi Battery Minerals Project. The Federal Government also has input into the EIS process in areas of National Environmental Significance. As part of the Environmental Protection and Biodiversity Conservation (EPBC) Act, AUZ has submitted a referral for determination on the involvement of the Federal Government. This referral process is to ensure the Terms of Reference (ToR) included in the EIS are complete and prevent the potential doubling of the environmental approval process. A decision on the EPBC referral has been made on 24 July and feedback on the EPBC submission will be incorporated into the ToR.
- **Permitting:** AUZ has drafted applications for additional lease areas for infrastructure and haul road connections at the Sconi Project area. These additional permits will form part of the greater Sconi

Battery Minerals Project area and a pre-lodgment meeting was held with the Queensland Department of Resources (DoR).

- **Exploration:** Field-based surface rock and soil sampling exploration activities were conducted on prospective ground previously identified by an independent review at the Sconi mining and exploration leases to potentially identify additional nickel, cobalt and scandium mineral deposits. Drill programs and schedules are being developed to further test this ground for potential resource addition.
- **Strategic Collaborative Partner:** AUZ continues discussions to secure a Strategic Collaborative Partner to assist in driving the project deliverables as we work towards our goal of FID by the end of 2025/early 2026.

Other Activities:

- **Monetising Secondary Assets:** As part of the previously announced strategy to monetise other assets within the company, AUZ is working with an investment bank to assist in identifying a potential partner to provide exploration funding for the expansion of the Flemington deposits.
- **Advancing Solid State Hydrogen Storage Metal Hydride project:** The Company is finalising its program of intellectual property protection of its research and development program targeting onboard Solid-State Hydrogen Storage solutions for light-duty vehicles.
- **Securities Issued:** Following shareholder approval, on 22 February 2023 Australian Mines issued fully paid ordinary shares at various dates during the Quarter under the Subscription Agreements announced in November 2022.

Sconi Battery Minerals Project Studies

Granting of ML 10368

Australian Mines Limited wholly owned subsidiary Sconi Mining Operations Pty Ltd was granted Mining Lease 10368 for the Greenvale mining area by the Queensland Government Department of Resources

subsequent to the quarter end on 4 July 2023. The Greenvale mining lease combined with the Lucknow and Kokomo mining leases contains the critical battery minerals resource of the Sconi Nickel-Cobalt-Scandium Project in North Queensland.

Australian Mines plans to operate the Sconi Battery Minerals project to produce battery grade nickel and cobalt products for approximately 30 years¹ which is sufficient to supply approximately 5-6 million high-performance electric vehicles². The Sconi project has the potential to produce scandium oxide as a by-product.

The approval of the Greenvale mining lease is another step closer to realising the Sconi project as we progress towards a final investment decision, expected by the end of 2025³.

Environmental Impact Statement (EIS) Process

The critical path remains obtaining the Environmental approvals for the Sconi Project. Activities have advanced with the approval of the Queensland Department of Environment and Science (DES) for the EIS process following submission of the IAS in Q1. To initiate the EIS process, the company has commenced preparing a draft Terms of Reference (ToR). This is a document which describes economic, environmental, and social impact of the Sconi project and outlines a management plan to minimise any potential adverse environmental impacts. The ToR will be submitted to the Queensland DES for their input and subsequently made available to the public for their information, comment and feedback.

The Commonwealth government also has input into the Queensland government administered EIS process. The Commonwealth government has jurisdiction over areas of National Environmental Significance. These matters include world and national heritage areas, wetlands, threatened species and ecological communities. Under the

Environmental Protection and Biodiversity Conservation Act (EPBC) administered by the Commonwealth Department of Climate Change, Energy, Environment and Water (DCCEEW), the company submitted an “EPBC Referral” to the DCCEEW for their assessment. The EPBC Referral contained details of the Sconi Project and comprehensive studies covering flora and fauna, surface and underground water and cultural heritage at the Sconi project area. A decision on the EPBC referral was made on 24 July informing that the Sconi project is a controlled action and consideration is required on the potential impacts on listed threatened species and communities, and the environment on Commonwealth Land protected by the EPBC Act under Chapter 2. The decision included that the proposed action will be assessed by an accredited assessment process under the Queensland Environmental Protection Act 1994. DES will coordinate the EIS

¹ Australian Mines Limited, Sconi to produce \$3 billion in free cash flow over 30-year mine life (ASX: 13 June 2019).

² Based on 16 August 2021 LG Energy Solutions announcement that 71kt Ni and 7kt Co was sufficient to produce 1.3 million EVs with >500km range.

³ Sconi Project – Strategic Pathway Redefined (ASX:24 October 2022).

which will satisfy both State and Commonwealth assessment requirements. Feedback from the DCCEEW on the EPBC submission will be incorporated into the ToR.

Project Permitting

Having secured the Greenvale Mining Lease which combined with the Lucknow and Kokomo mining lease cover the current mineral resource for the Sconi Battery Mineral Project, preparation of associated infrastructure and haul route/water offtake leases are in development. A pre-lodgement meeting was held on 16 June with the Queensland Department of Resources (DoR) for their information and consideration. Upon receipt of further feedback, AUZ will be applying for the infrastructure and haul route leases as part of the permitting process.

Exploration Program

During the quarter, field-based surface rock and soil sampling exploration activities were conducted on prospective ground at the Sconi mining leases to potentially identify additional nickel, cobalt and scandium mineral resources. These surveys were undertaken following a scheduled sampling program following up targets that were previously identified through SRK independent review⁴.

The areas of interest were:

- East of the Greenvale mine near the old stacker/reclaimer area on EPM 25865 and EPM 25834
- Immediately south-west of the Lucknow deposit on EPM 26559

Assays from additional Greenvale and Lucknow sampling surveys are expected in Q3. Promising laboratory results will assist in planning the design and scope of a drilling campaign aimed at extending the known mineral resources.

Technical Works

Last quarter, Australian Mines applied for a Commonwealth government grant under the Critical Minerals Development Program (“CMDP”). The CMDP submission was to undertake additional metallurgical test work on nickel sulphate, cobalt sulphate and scandium oxide produced from a Mixed Hydroxide Precipitate (MHP) intermediate product together with further Precursor Cathode Active Material (P-CAM) development. The CMDP submission was unsuccessful.

An application to the recently announced Queensland Critical Minerals and Battery Technology Grant Assistance Fund has been submitted subsequent the quarter. This application is primarily focussing on the MHP path to sulphate product, PCAM product development from sulphates and on the bench scale production of scandium oxide. This program for funding improves on the current knowledge and flow sheet

⁴ Additional nickel and cobalt targets identified at Sconi Project, North Queensland (ASX:15 May 2020).

developed as part of the Sconi Project BFS and are important steps in the production potential for further downstream processing of critical battery products.

Other Activities

Monetising Secondary Assets

Work has continued on the Australian Mines previously announced strategy of focusing on the Sconi Battery Mineral project while seeking opportunities to monetise other assets within the company. Australian Mines is working with an investment bank to assist in identifying a potential partner to provide exploration funding for the expansion of the Flemington deposits.

Advancing Solid State Hydrogen Storage Metal Hydride Project

Australian Mines has been progressing the solid-state hydrogen metal hydride collaborative research and development with partner Amrita Centre for Research and Development and is finalising its program of intellectual property protection.

Corporate

Following shareholder approval on 22 February 2023, Australian Mines issued fully paid ordinary shares at various dates during the Quarter under the Subscription Agreements announced in November 2022.

On 26 July 2023 Australian Mines held a shareholder General Meeting to seek ratification of and further approval to issue shares under the Subscription Agreements referred to above. All resolutions were carried.

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.

Appendix 1: Summary of Expenditure

	Total as per Cashflow Appendix 5B	Sconi Project	Flemington Project	Broken Hill Project
Exploration & Evaluation	11,898	-	7,285	4,613
Development	699,135	699,135	-	-
Total	711,033	699,135	7,285	4,613

Table A1-1: Project development, exploration, and evaluation expenditure (in Australian dollars) by Australian Mines for the quarterly period ended 30 June 2023.

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 \$78,915 which constitutes director fees salaries, superannuation and business expense reimbursement.

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, superannuation, and business expense reimbursement) were paid to any related party of Australian Mines or their associates during this reporting period.

Appendix 2: 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.

Any forward-looking statements in this document relating to the outcomes of the Sconi Project Feasibility Studies 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 3: 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	Flemington	EL 9321	Granted	100%
New South Wales	Flemington	EL 9562	Granted	100%
New South Wales	Broken Hill	EL 8477	Granted	100%
New South Wales	Broken Hill	EL 9300	Granted	100%
New South Wales	Broken Hill	EL 9326	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
New South Wales	Flemington	EL 9562	Granted	100%	Granted 26 April 2023 for a term of 3 years

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
-	-	-	-	-	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSTRALIAN MINES LIMITED - AUZ

ABN

68 073 914 191

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4)	(22)
(b) development	(699)	(3,556)
(c) production	-	-
(d) staff costs	(221)	(1,208)
(e) administration and corporate costs	(267)	(1,535)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (R&D Refund)	-	474
1.9 Net cash from / (used in) operating activities	(1,190)	(5,842)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(6)
(d) exploration & evaluation	(8)	(229)
(e) investments	-	-
(f) other non-current assets	-	(11)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	52
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(11)	(194)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,448
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(13)	(773)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(13)	6,675

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,847	3,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,190)	(5,842)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(194)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	6,675

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,633	4,633

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,633	5,847
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,633	5,847

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(79)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Directors' wages, superannuation and reimbursement of business expenses (6.1).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,190)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(8)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,198)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,633
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,633
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.87 Quarters
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by the Board of Australian Mines Limited
(see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.