

2 March 2017

## **Environmental Licences granted for mining and processing operation at Sconi**

### **Sconi is now the most advanced scandium - cobalt project in Australia**

- **Environmental Licence granted by the Queensland Government**
- **Mining Lease already granted over the Sconi scandium and cobalt deposit**
- **All licences and approvals now in place allowing Australian Mines to advance its development plans for a mining operation at Sconi**
- **Annual production of 700 tonnes of cobalt, 5250 tonnes of nickel and 68 tonnes of scandium with a minimum 20-year mine life indicated by the Pre-Feasibility Study**
- **Final Definitive Feasibility Study currently in progress**

**Managing Director, Benjamin Bell commented,** *“Having now secured all the necessary approvals and licences to commence a full-scale mining operation at Sconi, Australian Mines finds itself uniquely positioned with the only Australian scandium-cobalt deposit able to go into immediate production.*

*“The Pre-Feasibility Study completed on the world-class Sconi ore body confirmed it has the potential to produce on average 5,250 tonnes of nickel, 700 tonnes of cobalt and 68 tonnes of scandium per annum for at least the next 20 years. This positions Australian Mines to be a significant supplier of scandium in a growing global market – from one of the lowest risk mining jurisdictions in the world”*

*“Our production of both nickel and cobalt sulphates from Sconi will also ensure that we are well-positioned to participate in the rapidly growing electric vehicle battery market. With all mining and operational approvals now in place, Australian Mines is set to become the first scandium-cobalt mine in production in Australia.”*



*“Test work completed as part of the PFS has indicated that Sconi will not only produce a premium scandium oxide product, but will also benefit from economic production and recovery of nickel and cobalt sulphates through the application of proven, off-the-shelf processing equipment and technology, which further supports the fast-tracking of our project development plans.*

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Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to announce it now has in place all the necessary approvals and licences for the future development of a mining and processing operation at the Sconi Scandium-Cobalt Project in northern Queensland.

Ahead of the outcome of a Definitive Feasibility Study (DFS), which is currently in progress, Australian Mines has obtained the necessary State Environment Licence required to carry out a mining operation at Sconi as well as the corresponding licence covering the operation of a processing plant at Sconi.

With the Environmental Approval in place for the mining and processing operations, and the deposit being contained within an existing Mining Lease, Sconi is now the most advanced scandium project in Australia<sup>1</sup> and effectively development-ready once the optimal pit design and annual production schedules are confirmed through the current DFS.

Anticipating a positive outcome of the Definitive Feasibility Study at Sconi, Australian Mines has commenced discussions related to securing the necessary construction funding for this project. Such discussions are at an early stage and the Company will continue to keep shareholders updated as these negotiations progress.

Australian Mines has attracted a high level of professional investor interest in its scandium and cobalt assets during the March quarter, raising \$4.3 million via the placement of fully paid ordinary shares and the issue of unsecured convertible notes with the assistance of United Kingdom-based Arlington Group Asset Management<sup>2</sup>.

Using funds from the recent capital raising, the Company is scheduled to process a bulk tonnage sample of ore material from Sconi, as part of the DFS, to generate samples of both the scandium oxide powder as well as the nickel and cobalt sulphate products to further Australian Mines’ current discussions with a number of potential off-take partners.

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<sup>1</sup> Unlike Australian Mines & Metallica Minerals’ Sconi Project, Platina Resources Limited (ASX: PGM) is yet to obtain a Mining Lease over the Owendale project in NSW or Environmental approval from State Government; Clean TeQ Holdings Limited (ASX: CLQ) is also yet to have their Mining Lease granted over the Syerston project in NSW nor does CLQ presently have development approval from State Government; and Scandium International Mining Corp (TSX: SCY) is yet to obtain both a Mining Lease over the Nyngan project in NSW as well as necessary environmental approval from the State Government.

<sup>2</sup> Australian Mines Limited, Significant capital raising to fast-track the development of Australian Mines’ two core scandium-cobalt assets, released 21 February 2017



Australian Mines is also undertaking a fully underwritten non-renounceable entitlement offer to existing shareholders to raise an additional \$2 million and provide an opportunity for all current shareholders to increase their exposure to the emerging scandium and cobalt market. The offer period opens today and is currently scheduled to close at 5pm (AEST) on Friday March 31<sup>3</sup>.

**\*\*\*ENDS\*\*\***

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<sup>3</sup> Australian Mines Limited, Significant capital raising to fast-track the development of Australian Mines' two core scandium-cobalt assets, released 21 February 2017



**Figure 1:** The Sconi Project – a joint venture between Australian Mines and Metallica Minerals - is located in North Queensland, approximately 250 kilometres on sealed roads from Townsville. The Sconi Project hosts both scandium-cobalt rich lateritic deposits and cobalt-nickel deposits, which are all covered by granted Mining Leases.

## Appendix 1: Mineral Resource Estimates – Sconi Project<sup>4</sup>

Measured Resource:	0.7 million tonnes	208 g/t Scandium
Indicated Resource:	6.5 million tonnes	174 g/t Scandium
Total Resource:	7.2 million tonnes	177 g/t Scandium
Total Scandium Oxide (Sc <sub>2</sub> O <sub>3</sub> )*:	1,950 tonnes	(using a 100g/t Sc lower cut-off)

Measured Resource:	17 million tonnes	0.80% Nickel	0.07% Cobalt
Indicated Resource:	48 million tonnes	0.58% Nickel	0.07% Cobalt
Inferred Resource:	24 million tonnes	0.41% Nickel	0.04% Cobalt
Total Resource:	89 million tonnes	0.58% Nickel	0.06% Cobalt
Total Contained Metal:	514,000 tonnes of Nickel metal 54,500 tonnes of Cobalt metal		Using a COG of 0.7% NiEq

<sup>4</sup> The Mineral Resource Estimate for the Sconi Scandium-Cobalt Project is reported under JORC 2012 Guidelines and was first reported by Australian Mines' joint venture partner, Metallica Minerals Limited on 21 October 2013. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2013 announcement by Metallica Minerals Limited. The NiEq is similarly described in their 21 October 2013 announcement. \* Total contained scandium metal tonnage multiplied by 1.53 to convert to total Sc<sub>2</sub>O<sub>3</sub>, being the saleable scandium product



## **Appendix 2: Competent Persons Statement**

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### **Sconi Scandium - Cobalt Project**

The Mineral Resource for the Sconi Scandium - Cobalt Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines' joint venture partner, Metallica Minerals Limited on 21 October 2013. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2013 announcement by Metallica Minerals Limited.

### **Appendix 3: Sconi Joint Venture Agreement**

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Australian Mines announced on 10 October 2016 that the Company had entered into a joint venture agreement with Metallica Minerals Limited (ASX: MLM) to earn up to a 75% interest in the advanced Sconi Scandium-Cobalt Project near the historic mining centre of Greenvale in northern Queensland.

The key terms of the Sconi joint venture agreement include:

- Australian Mines can earn a 50% interest in the Sconi Scandium-Cobalt Project by completing a Definitive Feasibility Study (DFS) on the project by October 2020 (or by spending \$10 million on the project by this date – whichever occurs first).
- Australian Mines can earn an additional 25% (taking the total to 75%) in the Sconi Scandium Project by procuring funding contemplated in the DFS no later than 18 months following completion of this study.

Australian Mines is the operator and manager of the Project.