



DEVELOPING WORLD CLASS COBALT, NICKEL AND SCANDIUM ASSETS

April 2017



Important note on these slides

This document is a visual aid accompanying a presentation to investors by the Company's Managing Director from 5 April 2017. It is not intended to be read as a stand-alone document. It contains select information, in abbreviated or summary form, and does not purport to be complete. It is intended to be read by an audience familiar with Australian Mines Limited and its 2016 Annual Report, December Activities and Cash Flow Reports, and the Company's announcement dated 31 March 2017 titled *Technical Reports*, and to be accompanied by the verbal presentation.

This document should not be read without first reading Australian Mines Limited's announcement dated 31 March 2017 titled *Technical Reports*, which has previously been lodged with the Australian Securities Exchange and is available at www.australianmines.com.au.

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The Sconi Cobalt-Nickel-Scandium Project is at (Bankable) Feasibility Study phase and though reasonable care has been taken to ensure that the facts are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments of projects and the scandium market development may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

The Flemington Cobalt-Scandium Project is at Pre-Feasibility Study phase and though reasonable care has been taken to ensure that the facts are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments of projects and the scandium market development may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. A key conclusion of the Scoping Study, which is based on forward looking statements, is that the Flemington Project is considered to have positive economic potential.

This presentation does not contain any new information. Any figures, exploration and/or resource data, or statements referenced within this presentation have previously been lodged by Australian Mines Limited with the Australian Securities Exchange including the Company's announcements dated 31 March 2017, which contains the relevant background information, assumptions and associated cautionary statements applicable to study results being referred to in this presentation. There has been no Material Change or Re-estimation of the Sconi and/or Flemington Mineral Resources since the 31 March 2017 announcement by Australian Mines Limited.



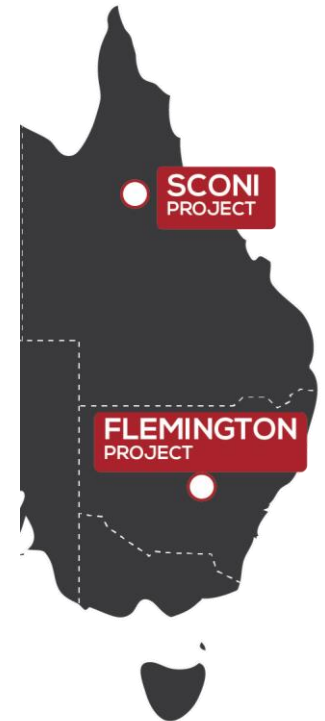
PLUGGING IN to Co, Ni and Sc production

“Our Sconi and Flemington projects, producing **cobalt sulphate** & **nickel sulphate** as well as **scandium oxide**, once in production, will position Australian Mines as a leading supplier of technology metals to the rapidly expanding electric vehicle and broader battery market.”

Chairman, Michael Ramsden

UNIQUE OPPORTUNITY

- The **Sconi Cobalt-Nickel-Scandium Project** in northern Queensland is considered the most advanced project of its type in Australia, with mining and environmental approvals already in place and a Bankable Feasibility Study under way
- Sconi is similar to Clean TeQ's Syerston Project in terms of their in-situ resource size & grade, geology, metallurgy and expected metal recoveries₂
- The **Flemington Cobalt-Scandium Project** in central New South Wales is the direct continuation of the Syerston ore body (separated only by a tenement boundary), with the Flemington ore body covered by a Mining Lease application and a PFS about to commence



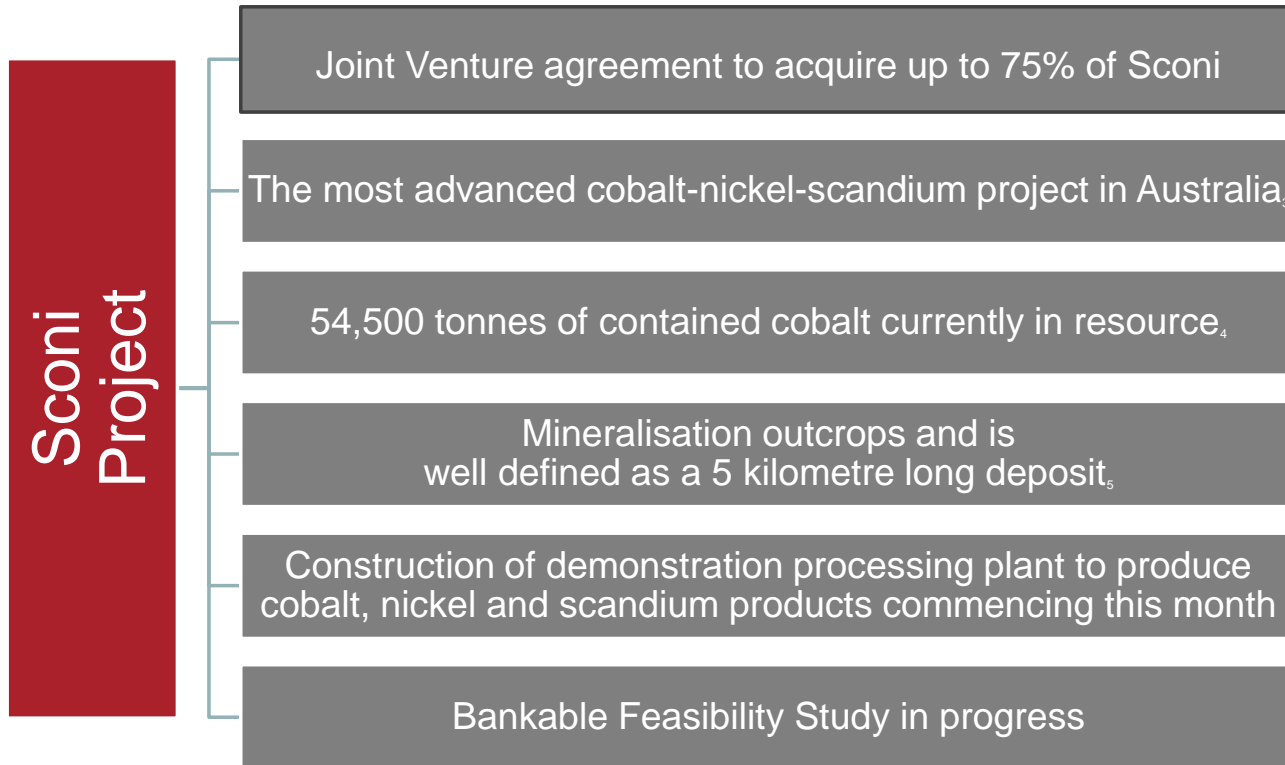
MEETING DEMAND



Perth has built Australia's very first Electric Highway
<https://rac.com.au/about-rac/advocating-change/sustainability/electric-highway>

- Test work confirms Sconi and Flemington's outcropping lateritic mineralisation is amenable to producing the **cobalt sulphate & nickel sulphate** products required by the electric vehicle market, and a **premium scandium oxide** product that is subject to increasing demand from automotive and aerospace manufacturers
- Australian Mines will commence construction of a fully-functioning demonstration-scale processing plant in Perth, Western Australia this month that will produce commercial quality cobalt, nickel and scandium products from October 2017 in line with requests from companies in Europe and Asia

INVESTMENT HIGHLIGHTS



³ See Australian Mines announcement dated 31 March 2017 for full details of the Sconi Mineral Resource
Sconi Mineral Resource: Measured 17Mt @ 0.07% Co, Indicated 48Mt @ 0.07% Co, Inferred 24Mt @ 0.04% Co for total Mineral Resource of 89Mt @ 0.06% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

Unless otherwise stated, all currencies quoted in this document are in Australian dollars

INVESTMENT HIGHLIGHTS

Flemington Project

Option Agreement to acquire 100% interest of the Flemington Project located in central New South Wales

Scoping Study completed by SRK Consulting highlighted positive economics and technical feasibility

One of the highest grade scandium deposits in the world^{6,7} with resource of 3.14Mt @ 434 grams per tonne scandium⁷

Cobalt mineralisation co-exists with high-grade scandium

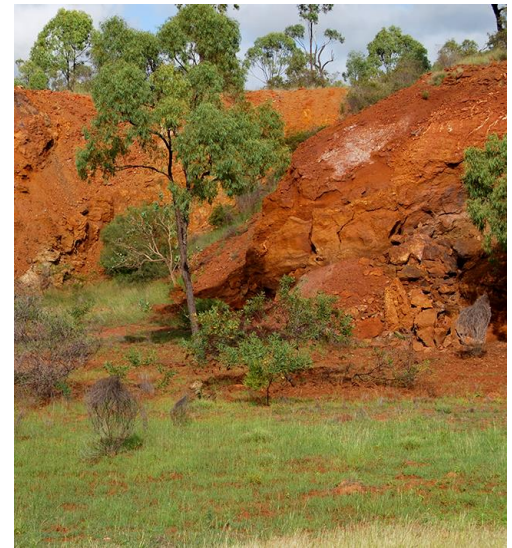
Cobalt mineralisation, with intersections including: 14m @ 0.21% Co from 6m and 9m @ 0.21% Co from 10m⁸

Resource extension drill program targeting high-grade cobalt zone north of Mineral Resource commencing this quarter

⁷ See Australian Mines announcement dated 31 March 2017 for full details of the Flemington Mineral Resource
Flemington Mineral Resource: Measured 2.67Mt @ 435g/t Sc, Indicated 0.47Mt @ 426g/t Sc for total Mineral Resource of 3.14Mt @ 434g/t Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

SCONI = ONE GIANT BATTERY

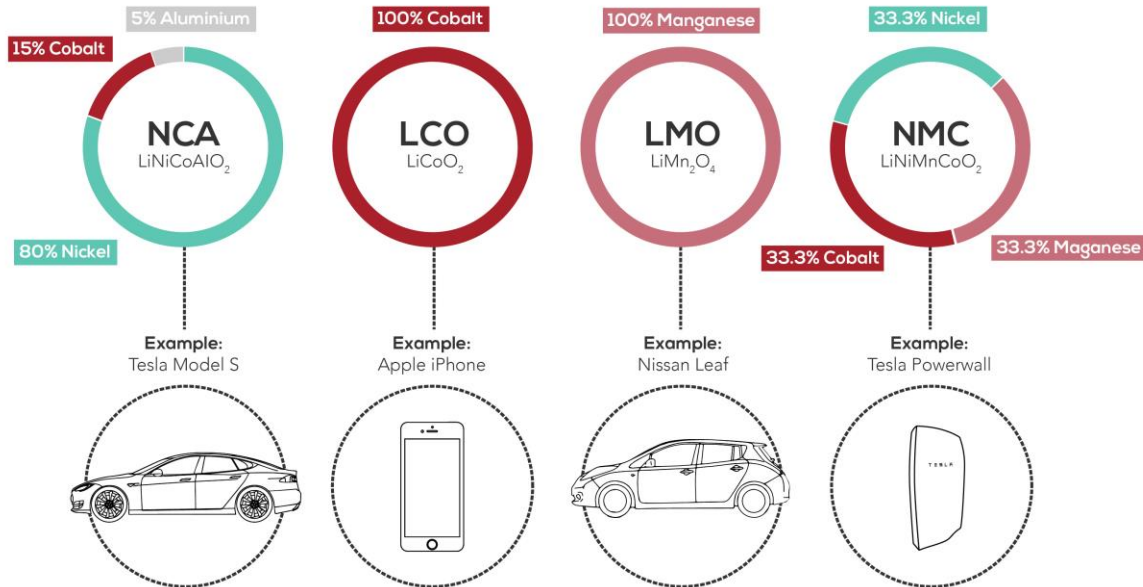
- Excluding aluminium, **Sconi has the potential to produce** those commodities that constitute **95% of the raw materials in a Tesla Model S battery pack cathode**, (80% nickel, 15% cobalt) and **100% of the iPhone battery cathode**, made exclusively from cobalt
- Tesla's Chief Technology Officer, JB Straubel, has expressed greater concern about the availability and future supply of cobalt than the supply of lithium as the world transitions to a global fleet of electric cars
- Sconi is the most advanced project of its type in Australia₁₀, being one of the most stable mining jurisdictions in the world. This makes Australian Mines a highly desirable supply chain partner for global manufacturers



The ore body at Sconi actually rises from the ground

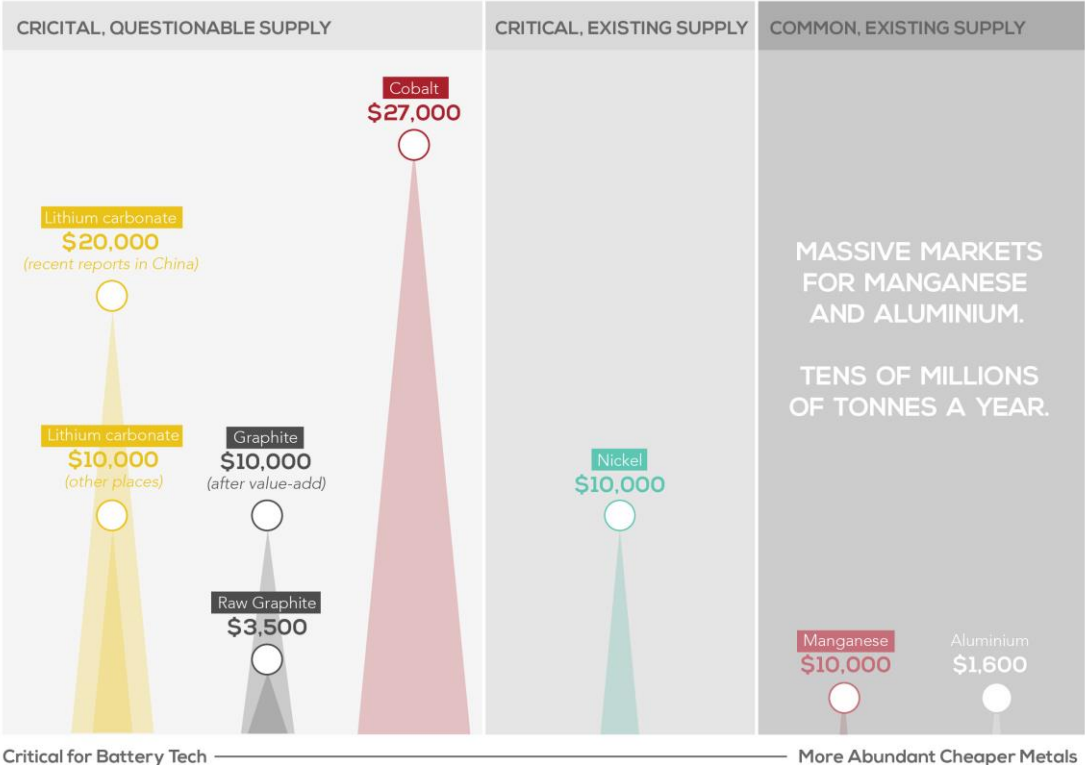
CRITICAL BATTERY MINERALS

The commodity mix contained within the Sconi and Flemington ore bodies are strongly compatible with the critical commodities required for the batteries used in today's high-demand technology products



SUPPLY OF BATTERY MINERALS

Some of the most critical metals for batteries also have questionable or unstable current supply, while others are more commonly produced but likely to grow in demand with the adoption of electric vehicles



Source: <https://electrek.co/2016/11/01/breakdown-raw-materials-tesla-batteries-possible-bottleneck/>

Dollar figures in this image represents the price for tonne of the individual commodities

SECURE SUPPLY CHAIN

- There is a legal requirement for all American companies including Tesla, Apple, General Motors and The Linde Group to declare annually that their supply chains are compliant with applicable USA and international laws & regulations around human rights, labour standards and protection of the environment,¹¹
- The United Nations' and the OECD have also set down guidance on sourcing minerals from conflict areas.¹²
- These international laws and obligations, plus others, potentially makes Australian production more appealing than cobalt sourced from conflict areas,¹³ which ensures Australian Mines is well-positioned to capitalise on the rapidly expanding electric vehicle market as manufacturers move to ethical sourcing of their cobalt.

<https://www.amnesty.org/en/latest/campaigns/2016/06/drc-cobalt-child-labour/>

COBALT PRICE



Cobalt price on the London Metals' Exchange (LME) has doubled over the past 12 months.

Source: <http://www.lme.com/metals/minor-metals/cobalt/>

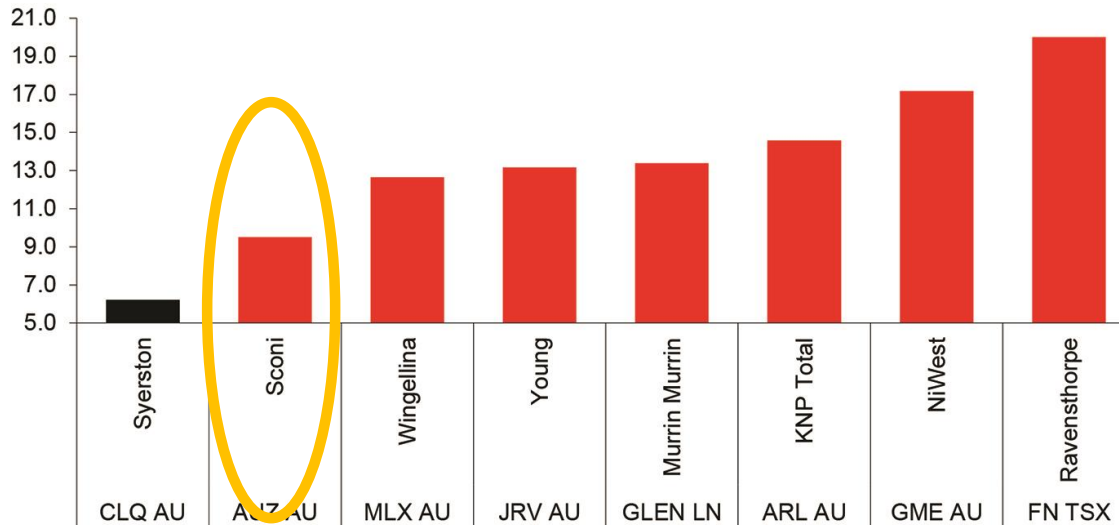
SCONI AND COBALT PRODUCTION

- Cobalt, being primarily produced as a by-product of another metal (usually copper or nickel) suffers from an instability in supply, as it is the market price of the primary commodity in the ore body that ultimately dictates a mine's production output
- The lower the nickel to cobalt ratio of an ore body, therefore, the greater the project's ability to respond to increases in global demand for cobalt
- Sconi, which contains 54,500 tonnes of contained cobalt in resource,¹⁴ boasts one of the lowest nickel to cobalt ratios in Australia,¹⁵ (or perhaps more correctly, one of the highest cobalt to nickel ratios)
- Macquarie Bank's research on Clean TeQ and its Syerston project released in March 2017 identified Sconi as being in the top two laterite resources in Australia due to its favourably low nickel to cobalt ratio.¹⁶

¹⁴ See Australian Mines announcement dated 31 March 2017 for full details of the Sconi Mineral Resource
Sconi Mineral Resource: Measured 17Mt @ 0.07% Co, Indicated 48Mt @ 0.07% Co, Inferred 24Mt @ 0.04% Co for total Mineral Resource of 89Mt @ 0.06% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

NICKEL/COBALT RATIOS

Sconi is second only to Syerston in terms of favourable nickel-cobalt ratios, while Flemington is a continuation of the Syerston ore body



“Sconi’s superior primary commodity ratio will allow us to scale production to capitalise on rises in commodity prices”

Managing Director,
Australian Mines
Benjamin Bell

Source: Macquarie Research, March 2017

Nickel to cobalt ratio used by Macquarie is based on Sconi’s global Mineral Resource. When using the average expected head grade at Sconi for the first 20 years of production, the nickel to cobalt ratio at today’s commodity prices is an impressive 1.3 (see *Financial Evaluation* slide of this presentation)

THE PROJECTS

An aerial photograph showing a dense forest of green trees. A prominent, winding path of reddish-brown earth or dirt cuts through the forest, starting from the bottom left and moving towards the top right. The path is irregular and appears to be a road or a cleared area. The overall scene is a natural landscape with a man-made or cleared path.

Aerial photo of the Sconi ore body

SCONI Co+Ni+Sc PROJECT



- Located near the mining centre of Greenvale, 250 kilometres west of the port of Townsville in northern Queensland
 - The project benefits from established surrounding infrastructure to support future mine development
- Negligible sovereign risk in Australia
 - Transparent supply chain for customers
 - Similar to Syerston in terms of tonnage, grades, metallurgy and expected recovery rates¹⁷

SCONI Co+Ni+Sc PROJECT

Sconi is on the road to a final investment decision in early 2018, pending a positive Bankable Feasibility Study result:

- ✓ Mining Lease granted
- ✓ Environmental Licence granted
- ✓ Plant design identified
- ✓ Electricity source confirmed
- ✓ Proposed water supply on site
- ✓ Simple metallurgy delivering favourable metal recovery rates



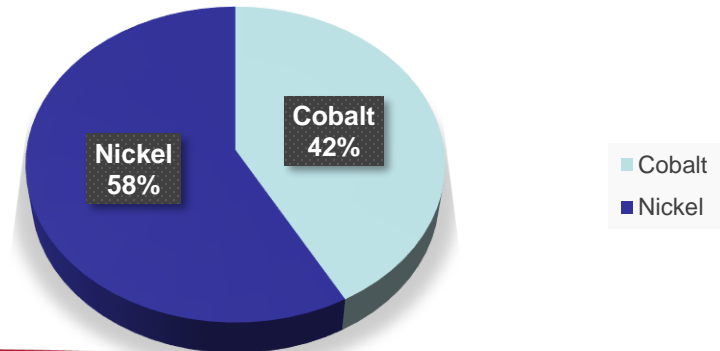
FINANCIAL EVALUATION OF SCONI₁₈

- Processing plant throughput of 750,000 tonnes per annum
- Average **cobalt** feed grade for the first 20 years of production of **0.11%**
- Average **nickel** feed grade for the first 20 years of production of **0.81%**
- Estimated breakdown of annual cobalt v nickel revenue at today's commodity prices₁₉:

Percentage of projected revenue at
4 April 2017 commodity prices

Cobalt = 42%

Nickel = 58%



SCONI PRIORITIES & TIMETABLE

1. Commence construction of a fully-operational, demonstration-scale processing plant in Perth, Western Australia, this month
2. Complete construction of the processing plant by September 2017
3. Produce commercial quality Cobalt sulphate, Nickel sulphate and Scandium oxide from the Sconi ore using Australian Mines' 100%-owned processing plant in October 2017
4. Seek to secure off-take agreements for these technology metals by December 2017
5. Complete the Bankable Feasibility Study by April 2018
6. Commence development of the Sconi cobalt-nickel-scandium mining operation from July 2018 (subject to finance)²⁰

FLEMINGTON Co+Sc (+Ni) PROJECT

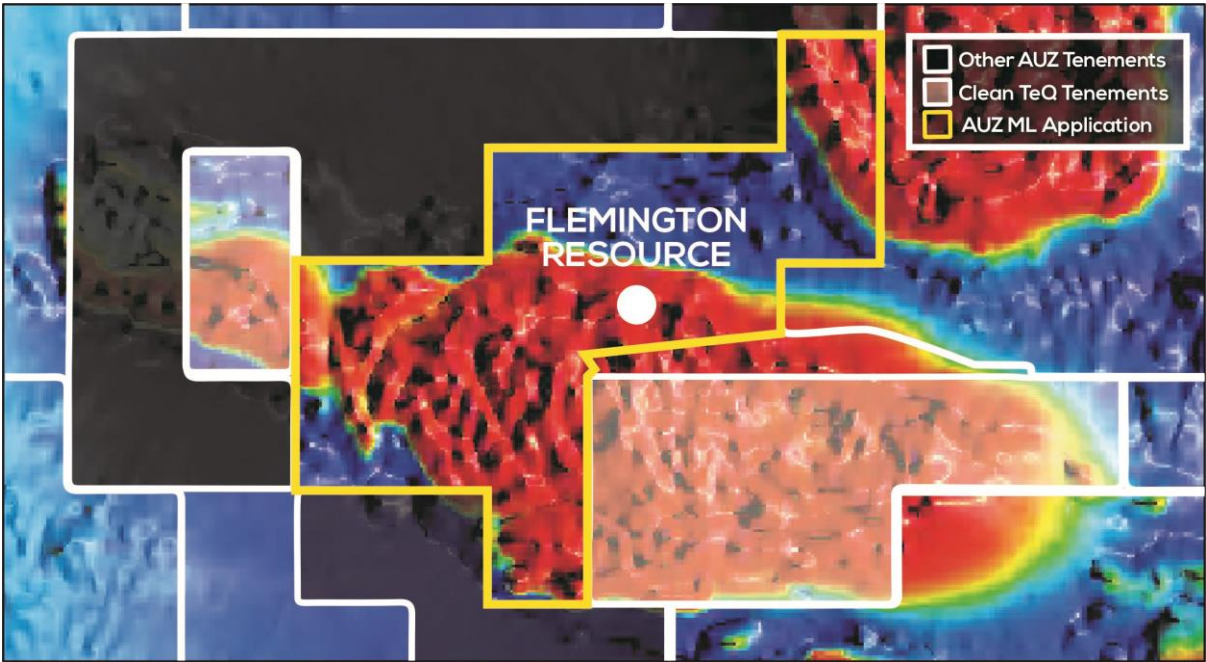
- Located near the historic mining centre of Fifield in central New South Wales, 370 kilometres west of Sydney
- Considered New South Wales' premier cobalt-nickel-scandium province
- Skilled mining workforce residing within the surrounding region
- Existing road and rail infrastructure to support any future mine development
- Grid power already present within Flemington project area
- Solid local community support



FLEMINGTON Co+Sc (+Ni) PROJECT

- Australian Mines' Flemington ore body is the western continuation of Clean TeQ's Syerston cobalt-nickel-scandium deposit (mineralisation cut by tenement boundary)
- Scoping Study revealed the potential for high-grade cobalt mineralisation to continue beyond the current Mineral Resource Estimate₂₁
- Mining Lease application submitted in March 2017
- Water licencing and environmental studies commenced
- Benefits from conventional processing, using the same proven 'off-the-shelf' technology as leading global nickel producers

TWO HALVES OF THE SAME DEPOSIT



The geology hosting both Australian Mines' Flemington ore body and Clean TeQ's adjoining Syerston project appears as a solid, continuous (red-coloured) body in the above aeromagnetic image

FLEMINGTON PRIORITIES & TIMETABLE

1. Commence Mineral Resource extension drilling targeting high-grade cobalt zone this month
2. Secure water licence by June 2017
3. Release Mineral Resource update in July 2017
4. Commence Pre-Feasibility Study in August 2017
(completed by April 2018)
5. Produce commercial quality cobalt sulphate, nickel sulphate and scandium oxide from Flemington ore via Australian Mines' demonstration-scale processing plant from November 2017
6. Commence Bankable Feasibility Study in mid-2018 (subject to finance)²²

THE SCANDIUM FLIGHT PATH



SCANDIUM

- Scandium, or Scandium Oxide (Sc_2O_3) as it is commonly marketed, is a relatively scarce, high-value mineral used to produce aluminium alloys
- Scandium-reinforced alloys suitable for the manufacture of weldable aluminium products such as:
 - Car chassis and body panels
(offers vehicle manufacturers the strength of steel at one-third the weight)
 - Aircraft fuselages
(reduces the number of steps for Airbus to build a plane's body from 22 down to 9, significantly reducing the build time)



CURRENT AND FUTURE DEMAND

- Existing demand for Scandium extends across multiple civilian and military applications, including:
 - automotive and aircraft manufacturing
 - solid oxide fuel cells
 - lightweight, high-strength sporting equipment
- Annual demand for Scandium is anticipated to increase at least 800% over the next decade.²³
 - The largest and most likely future growth market for scandium will be the automotive manufacturing sector, with aluminium alloys already used by leading global car makers to great effect
 - Australian Mines is working collaboratively with an established European company to develop a cost-effective, high-quality aluminium-scandium alloy for potential use in high-end sports cars and luxury motor vehicles

1.136	0.66	+1.54	631.0	1.12	1.13	905.860	1.12	+1.56	2227	73.76	74.00	4884	74.00	+0.95	330	22.9	
3.10	1.765	3.10	+0.32	270.000	4.11	4.14	161.919	4.14	-0.24	587	117.90	118.00	9.958	117.90	+6.60	60	9.4
0.15	200	10.28	+5.01	1.354	73.51	73.80	2.697	73.80	+5.43	8	35.45	35.50	7.289	35.50	+4.72	25	43
95	1.233	1.80	+9.09	22.000	118.00	121.50	3.500	117.00	+12.66	130	29.00	29.50	1.090	29.45	+3.19	130	14
95	9	168.10	+0.06	1.550	54.00	54.40	7.140	54.40	+1.12	2971	23.71	24.00	2.992	24.00	+3.00	2103	3
0	99.966	8.90	+5.45	1.000	61.00	61.82	2.980	61.82	+0.36	71	30.61	31.95	99	31.49	-0.03	368	7
7	110	54.36	-0.07	100	0.39	0.50	4180	0.46	+17.95	1060	55.98	56.25	4763	56.25	+4.17	3127	1
2670	10.62	+5.15	3.255	20.55	21.30	420	21.00	+2.39	100	33.35	34.70	350	34.70	0.00	3	3	
143	68.00	+14.29	28	251.00	252.00	320	251.00	+1.21	884	0.70	0.80	8.334	0.70	+18.64	100	1	
514	15.49	0.00	12.000	6.39	6.40	290	6.40	-0.47	2139	4.60	5.02	448	5.01	+9.39	2.318	1	
332	23.80	+16.21	314.271	2.25	2.26	75.987	2.25	+9.22	189	60.40	60.42	621	60.40	+2.10	15	15	
216	254.05	+1.42	329	86.81	87.00	2.009	87.00	+0.99	195	180.50	181.50	26	181.50	+1.97	89	1	
1146	55.98	+1.23	1.416	14.45	14.49	1.155	14.45	+9.06	424.054	33.54	33.67	84.566	33.53	+2.51	1	1	
370	14.89	+14.63	1.811	117.40	118.00	600	117.50	+0.17	546	7.50	8.20	1.635	8.40	+27.27	13.85	1	
000	18.04	+1.01	7.263	35.00	35.35	803	35.00	+2.94	1.000	2.69	2.72	1.288	2.70	0.00	1	1	
93	27.00	0.00	1.145	0.53	0.54	393.536	0.53	+23.26	13	9.80	11.20	142	11.20	+8.74	1	1	
3	7.98	+14.00	167	49.99	50.00	2.244	49.99	+7.30	4193	33.92	34.65	3.290	34.70	+1.20	331	1	
2	193.35	+0.97	25	190.45	190.55	13	190.55	+0.55	14	13.96	14.15	920	13.96	-0.29	1	1	
389.00	-0.13	4.895	26.96	26.97	3.634	26.96	+1.54	75	291.95	292.00	314	292.00	+1.39	1	1		
0.73	+4.29	100.000	37.70	37.75	4.864	37.75	+2.81	1.335	5.62	5.90	2.275	5.90	+4.24	1	1		
1.02	+20.00	175	114.00	114.80	90	114.00	-0.78	5.143	6.41	6.45	44	6.44	+6.45	1	1		
249.15	+6.50	47.104	143.10	143.50	22.700	143.10	+2.51	15	228.00	234.75	29	234.75	+2.07	1	1		
401.50	-0.12	1.179	32.59	32.60	600	32.59	+1.88	8.710	3.10	3.22	2.460	3.22	+12.98	1	1		
21.95	+3.18	106	516.00	519.00	24	519.00	+2.17	16.252	12.40	12.70	898.444	12.70	-0.39	1	1		
34.82	+1.42	3.155	9.23	9.49	3.19	9.23	+1.12	3.19	3.19	3.19	3.19	3.19	+1.39	1	1		
3.42	+2.12	10.5	1.0	1.0	1.0	1.0	0.00	1.0	1.0	1.0	1.0	1.0	+1.12	1	1		
5.85	+0.86	21.350	12.07	12.17	14.875	12.17	+1.42	600	75.60	76.49	858	75.80	+3.27	1	1		
20	+0.45	810	12.40	13.33	760	13.33	+7.50	98	60.21	60.25	380	60.21	+1.77	1	1		
05	+0.90	14	90.50	92.38	31	90.50	+0.01	95	122.50	122.75	1.373	122.50	+0.1	1	1		
2	+0.86	550	55.77	55.79	100	55.78	+2.31	112	706.00	716.00	60	716.00	+1.7	1	1		
7	+2.04	4.730	36.64	36.80	9.255	36.80	-0.27	100	50.12	51.20	62	51.38	-0	1	1		
1	+1.73	204	281.20	284.00	142	282.25	+1.02	131	10.01	10.13	311	10.00	0	1	1		
0.00	4	5.300.10	5.329.80	8	5.300.10	+2.12	92	10.75	10.89	66	10.89	+	1	1			
18.65	80	23.30	23.60	194	23.60	-0.42	468.043	12.90	13.00	102.429	12.99	-	1	1			
+0.37	11	8.64	8.65	504	8.40	+5.00	125	63.50	65.00	90	65.00	-	1	1			
5.15	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	

INVESTMENT PROPOSITION

TAKE-AWAY POINTS

- **Large scale mining with cobalt as the priority output is rare globally**²⁴
- Worldwide demand for the technology-enabling metals of cobalt and scandium expected to grow significantly in next decade
- Sconi is the most advanced cobalt-nickel-scandium project in Australia²⁵
- Broker research puts Sconi in top two laterite deposits in Australia with CleanTeQ's Syerston in terms of their favourable nickel to cobalt ratio
- Flemington Project captures the continuation of the Syerston cobalt-nickel-scandium ore body
- Scandium resources and grades recorded at Sconi and Flemington are at least a magnitude higher than existing production sources²⁶

TAKE-AWAY POINTS

- **Well advanced plans for Australian Mines to become a cost-effective and reliable cobalt sulphate and nickel sulphate supplier, as well major scandium producer**
- Both Sconi and Flemington can achieve optimal production rates using the same traditional processing techniques as that already being used by the world's leading mining companies (without the need to rely on any untested, novel or proprietary systems)
- Negligible sovereign risk compared with many existing sources of these technology metals
- Mine development of the Sconi cobalt-nickel-scandium ore body anticipated to commence in a little over a year from now
- On track to become Australia's next cobalt & nickel producer

Thank You

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Competent Persons' Statements

Sconi Cobalt-Nickel-Scandium Project

information in this announcement that relates to Mineral Resources for the Sconi Project is extracted from Australian Mines announcement dated 31 March 2017 and is available to view at www.australianmines.com.au. Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

Flemington Cobalt-Scandium project

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Cautionary Statements

Sconi Cobalt-Nickel-Scandium Project

The studies referred to in this announcement, and completed by an internationally renowned mining consulting firm, has been undertaken to evaluate the technical feasibility of the Sconi Project. It is a preliminary technical and economic study of the potential viability of the Sconi Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. It includes an economic evaluation including capital cost estimates to within $\pm 30\%$ and an operating cost estimate to within $\pm 25\%$. It also includes technical consideration of the project infrastructure, mining, metallurgy, hydrogeology, tailings, environmental and social aspects, and project economics. Further evaluation work and appropriate studies are required before Australian Mines will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. The studies are based on the material assumptions outlined in Australian Mines Limited's announcement dated 31 March 2017 titled *Technical Reports*, which has previously been lodged with the Australian Securities Exchange and is available at www.australianmines.com.au. These include assumptions about the availability of funding. While Australian Mines considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by these studies will be achieved. To achieve the range of outcomes indicated in these studies, funding of in the order of A\$500 million will likely be required. Investors should note that there is no certainty that Australian Mines will be able to raise that amount of funding when needed. It is possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Mines' existing shares. The Company has concluded that it has a reasonable basis for providing forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of these studies.

Australian Mines confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target as outlined in the company's ASX announcement dated 31 March 2017 continue to apply and have not materially changed.

Flemington Cobalt-Scandium Project

The study referred to in this announcement, and completed by an internationally renowned mining consulting firm, has been undertaken to evaluate the technical feasibility of the Flemington Project. It is a preliminary technical and economic study of the potential viability of the Flemington Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. It includes an economic evaluation including capital cost estimates to within $\pm 35\%$ and an operating cost estimate to within $\pm 25\%$. It also includes technical consideration of the project infrastructure, mining, metallurgy, hydrogeology, tailings, environmental and social aspects, and project economics. Further evaluation work and appropriate studies are required before Australian Mines will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. Approximately 90% of the total Life of Mine production target is based on the Measured Resource category with the remaining 10% in the Indicated Resources category. The studies are based on the material assumptions outlined in Australian Mines Limited's announcement dated 31 March 2017 titled *Technical Reports*, which has previously been lodged with the Australian Securities Exchange and is available at www.australianmines.com.au. These include assumptions about the availability of funding. While Australian Mines considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by these studies will be achieved. To achieve the range of outcomes indicated in these studies, funding of in the order of A\$75 million will likely be required. Investors should note that there is no certainty that Australian Mines will be able to raise that amount of funding when needed. It is possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Mines' existing shares. The Company has concluded that it has a reasonable basis for providing forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of these studies.

Australian Mines confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target as outlined in the company's ASX announcement dated 31 March 2017 continue to apply and have not materially changed.

Footnotes

¹ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017

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 the development approval for scandium production 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.

² Clean TeQ Holdings Limited's announcement of 5 October 2016, for example, stated the average expected head grade for the Syerston project for the first 20 years of mine life is 0.8% nickel and 0.14% cobalt. Australian Mines' joint venture partner's announcement of 16 October 2012 stated the average expected head grade for the Sconi project for the first 20 years of mine life is 0.81% nickel and 0.11% cobalt. There has been no Material Change or Re-estimation of the Mineral Resource since these announcements.

³ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017

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 the development approval for scandium production 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.

⁴ See Australian Mines announcement dated 31 March 2017 for full details of the Sconi Mineral Resource

Sconi Mineral Resource: Measured 17Mt @ 0.07% Co, Indicated 48Mt @ 0.07% Co, Inferred 24Mt @ 0.04% Co for total Mineral Resource of 89Mt @ 0.06% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

⁵ Metallica Minerals Limited, Sconi Project – Nickel-Cobalt and Scandium Resource Upgrade, released 21 October 2013

⁶ Jervois Mining Limited, Quarterly Report to 31 December 2015, released January 29 2016

⁷ See Australian Mines announcement dated 31 March 2017 for full details of the Flemington Mineral Resource

Flemington Mineral Resource: Measured 2.67Mt @ 435g/t Sc, Indicated 0.47Mt @ 426g/t Sc for total Mineral Resource of 3.14Mt @ 434g/t Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

⁸ Jervois Mining Limited, Quarterly Activities Report to 30 June 2014, released 30 July 2014

⁹ Australian Mines does not have any agreement in place to provide Tesla with nickel or cobalt products. However, should they wish to obtain such products from us, we would be happy to consider entering into such an agreement.

Footnotes

- ¹⁰ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017
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 the development approval for scandium production 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.
- ¹¹ Section 1502 of the Dodd-Frank Act, which was passed by the United States Congress in 2010 - U.S. Securities and Exchange Commission, <https://www.sec.gov/node/85831> Tesla - <http://ir.tesla.com/secfiling.cfm?filingid=1193125-15-206829&cik=1318605>;
Apple - http://images.apple.com/supplier-responsibility/pdf/Conflict_Minerals_Report_2016.pdf;
General Motors - <https://www.sec.gov/Archives/edgar/data/1467858/000146785814000151/ex10112312013cmr.htm>
The Linde Group - http://www.the-linde-group.com/internet.global.thelindegroup.global/en/images/TLG_Statement%20Conflict%20Minerals14_233352.pdf?v=1.0
- ¹² United Nations - https://www.un.org/sc/suborg/sites/www.un.org.sc.suborg/files/due_diligence_guidelines.pdf
Organisation for Economic Co-operation and Development (OECD) - <http://mneguidelines.oecd.org/mining.htm>
- ¹³ The Washington Post - <https://www.washingtonpost.com/graphics/business/batteries/congo-cobalt-mining-for-lithium-ion-battery/>
- ¹⁴ See Australian Mines announcement dated 31 March 2017 for full details of the Sconi Mineral Resource
Sconi Mineral Resource: Measured 17Mt @ 0.07% Co, Indicated 48Mt @ 0.07% Co, Inferred 24Mt @ 0.04% Co for total Mineral Resource of 89Mt @ 0.06% Co. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited
- ¹⁵ Macquarie Research, Clean TeQ Holdings - Cobalt and premium nickel - Initiating coverage with an Outperform, released March 2017
- ¹⁶ Macquarie Research, Clean TeQ Holdings - Cobalt and premium nickel - Initiating coverage with an Outperform, released March 2017
- ¹⁷ Clean TeQ Holdings Limited's announcement of 5 October 2016, for example, stated the average expected head grade for the Syerston project for the first 20 years of mine life is 0.8% nickel and 0.14% cobalt. Australian Mines' joint venture partner's announcement of 16 October 2012 stated the average expected head grade for the Sconi project for the first 20 years of mine life is 0.81% nickel and 0.11% cobalt. There has been no Material Change or Re-estimation of the Mineral Resource since these announcements.

Footnotes

¹⁸ The financial evaluation was completed on a 100% project basis. The key economic inputs are outlined in Australian Mines' announcement dated 31 March 2017 titled *Technical Reports*, which has previously been lodged with the Australian Securities Exchange and is available at www.australianmines.com.au. These include assumptions about the availability of funding. While Australian Mines considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by these studies will be achieved. To achieve the range of outcomes indicated in these studies, funding of in the order of A\$500 million will likely be required. Investors should note that there is no certainty that Australian Mines will be able to raise that amount of funding when needed. It is possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Mines' existing shares. The Company has concluded that it has a reasonable basis for providing forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of these studies.

¹⁹ Cobalt price - <http://www.lme.com/metals/minor-metals/cobalt/>; Nickel price - <http://www.lme.com/metals/non-ferrous/nickel/>

²⁰ Australian Mines presently has sufficient cash-in-bank to fund activities 1 to 5 described on this slide. The Board believes that there are reasonable grounds to assume that future funding will be available for the ongoing development of the Sconi Project, as envisaged in this announcement, on the following basis:

(i) The production and economic outcomes delivered in the Pre-Feasibility Study are sufficiently robust to provide confidence in the Company's ability to fund development of the project through conventional debt and equity financing, which is normal for an operation of this scope. Australian Mines is already in discussions with a number of potential financiers, the details of which cannot be disclosed at this time for commercial reasons. No material or binding agreements for funding have been signed to date. However, the Company will continue to keep shareholders updated as these negotiations progress.

(ii) Australian Mines' board has relevant experience in financing projects of similar scope in Australia. Mr Neil Warburton, Non-executive Director of Australian Mines, for example was previously a director of Sirius Resources Limited, where he played a significant role in leading that company's substantial project financing and its substantial growth until its merger with Independence Group Limited which valued Sirius Resources Limited at over A\$1.5 billion.

(iii) Australian Mines has previously demonstrated its ability to raise exploration funding for the Sconi Project.

²¹ See Australian Mines announcement dated 31 March 2017 for full details of the Flemington Mineral Resource
Flemington Mineral Resource: Measured 2.67Mt @ 435g/t Sc, Indicated 0.47Mt @ 426g/t Sc for total Mineral Resource of 3.14Mt @ 434g/t Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

Footnotes

²² Australian Mines presently has sufficient cash-in-bank to fund activities 1 to 5 described on this slide. The Board believes that there are reasonable grounds to assume that funding for the ongoing development of the Flemington Project will be available as envisaged by this announcement, on the following basis:

(i) Australian Mines believes that the market demand for scandium is increasing and that the Company is in a position to take advantage of that increase demand by securing offtake partners. The Company is currently in early stage discussions with potential offtake partners for the Sconi Project, which would see Australian Mines fast-track the construction of that project. The Company intends to use the revenues stream modelled for the Sconi operation to fund the construction of the processing plant at Flemington without requiring external funding or debt finance. The details of these discussions cannot be disclosed at this time for commercial reasons. No material or binding agreements for funding or off-take have been signed at this time.

(ii) Australian Mines is confident that there is a strong possibility that it will continue to increase mineral resources at the Flemington Project to what is currently assumed in the Scoping Study. Resource extension drilling is planned to specifically target the high-grade cobalt zone to the north of the present resource.

(iii) Australian Mines' board has relevant experience in financing projects of similar scope in Australia. Mr Neil Warburton, Non-executive Director of Australian Mines, for example, was previously a director of Sirius Resources Limited, where he played a significant role in leading that company's substantial project financing and its substantial growth until its merger with Independence Group Limited which valued Sirius Resources Limited at over A\$1.5 billion.

(iv) Australian Mines considers that SRK has been conservative in its commodity pricing for cobalt, nickel and scandium throughout the Scoping Study. The current cobalt price of US\$24 per pound is almost twice as high as SRK base price assumption of only US\$13.50 per pound. Thus, if current commodity prices were applied to the Flemington project, the economic case for developing a mining operation at this site would be even stronger than SRK's quoted base case.

²³ Platina Resources Limited, Owendale Scandium Project presentation, released 22 August 2014

²³ Nine companies produce almost almost half of the world's global cobalt production - <https://www.thebalance.com/the-10-biggest-cobalt-producers-2014-2339726>.

²⁴ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017

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 the development approval for scandium production 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.

²⁵ Production of scandium presently occurs as a by-product from the extraction of other metals and currently can be sourced from on only three mines in the world; Kola Peninsula in Russia, Bayan Obo in China and Zhovti Vody in the Ukraine. Discussions between Australian Mines and a Russian scandium producer in Germany in November 2016 indicate that the average head grade of the Russian ore is <50 ppm scandium. Similarly, discussions between Australian Mines and a Chinese scandium producer in China in March 2017 indicate that the average head grade of their ore is between 10 and 20 ppm scandium. The average scandium grade of the Flemington project, in contrast, is 434 ppm, being more than 10 times higher than the current scandium producing operations .

Flemington Mineral Resource: Measured 2.67Mt @ 435g/t Sc, Indicated 0.47Mt @ 426g/t Sc for total Mineral Resource of 3.14Mt @ 434g/t Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited

