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18 October 2017
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Email: tradinghaltspert@asx.com.au

ASX Price and Volume Query Response

Australian Mines Limited (“Australian Mines” or “the Company”) provides the following responses to the share price and trading volume query from the Australian Securities Exchange dated Tuesday, 17 October 2017 in accordance with Listing Rule 18.7A

1. Is AUZ aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No

2. If the answer to question 1 is “yes”:

a) Is AUZ relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Not applicable

b) Can an announcement be made immediately?

Not applicable

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable

3. If the answer to question 1 is “no”, is there any other explanation that AUZ may have for the recent trading in its securities?

Australian Mines’ Managing Director, Benjamin Bell, is currently participating in the 121 Mining Investment conference in Hong Kong, where he is holding general briefing sessions with current and potential investors based on information already disclosed to the market.

Australian Mines notes that Macquarie Research, part of Macquarie Bank Limited, recently announced a 12-month price target of \$2.10 for Clean TeQ Holding Limited, which would value their sole mining asset (being the Syerston Project) at \$1.2 billion. As the Company has reported to the market (via the ASX platform), including most recently on 6 September 2017, Australian Mines' Sconi Project is similar to Clean TeQ Holding's Syerston Project including in terms of their resource tonnage, expected cobalt-nickel-scandium feed grade, geology, metallurgy and expected metal recoveries. Despite Australian Mines' Sconi Project and Clean TeQ's Syerston project being very similar, Australian Mines' market capitalisation is currently about 10% of Clean TeQ Holdings.

The significant disparity between Australian Mines and Clean TeQ's market capitalisation appears to have created an arbitrage situation whereby investors can gain exposure to the cobalt-nickel market via Australian Mines at a material discount to its peers.

Based on discussions with investors attending the 121 Mining Investment conference in Hong Kong, it is this disparity in the two companies' market capitalisations that is attracting new investors into Australian Mines (and for current shareholders to accumulate more AUZ stock), which in turn could explain the significant increase in the volume of Australian Mines' securities traded today as well as the increase in the price of AUZ's securities from an opening price of \$0.025 to a closing price of \$0.034 today (Tuesday, 17 October 2017).

4. Please confirm that AUZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Australian Mines confirms it is in compliance with the Listing Rules, including Listing Rule 3.1

5. Please confirm that AUZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

Australian Mines' confirms that the responses to the above have been authorised and approve by its Board.

Sincerely



Benjamin Bell
Managing Director



17 October 2017

Michael Ramsden
Australian Mines Limited
Level 1, 83 Havelock Street
WEST PERTH WA 6005

By email

Dear Mr Ramsden

AUSTRALIAN MINES LIMITED (“AUZ”): PRICE & VOLUME QUERY

We note the change in the price of AUZ’s securities from an opening price of \$0.025 to an intra-day high at the time of writing of \$0.033 today, Tuesday, 17 October 2017.

We also note a significant increase in the volume of AUZ’s securities traded today.

In light of this, ASX asks AUZ to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A.

1. Is AUZ aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is AUZ relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in AUZ’s securities would suggest to ASX that such information may have ceased to be confidential and therefore AUZ may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that AUZ may have for the recent trading in its securities?
4. Please confirm that AUZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.



5. Please confirm that AUZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 6.30am AWST tomorrow, Wednesday, 18 October 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in AUZ's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AUZ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to AUZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B.

It should be noted that AUZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in AUZ's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;



- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 Trading Halts & Voluntary Suspensions.

Please contact me immediately if you have any queries or concerns about any of the above.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance