AUSTRALIAN MINES LIMITED

31 October 2017 **ASX: AUZ**

Maiden Mineral Resource confirms Flemington Project's cobalt credentials

HIGHLIGHTS

- **Initial cobalt Mineral Resource re-affirms Flemington and adjoining Syerston Project are two 'halves' of the same deposit[1]**

- **Opportunity to significantly increase the Resource**
  - **present Mineral Resource area covers only 1% of the interpreted prospective host geology within the Flemington project area**

- **Resource expansion drilling program proposed, incorporating multiple rigs**

- **Flemington Project complements Australian Mines' existing Sconi cobalt-nickel-scandium deposit in north Queensland, being:**
  - **Total Mineral Resource[2] tonnage = 89 million tonnes**
  - **Expected average feed grade[3] = 0.11% cobalt and 0.80% nickel**
  - **Most advanced project of its type in Australia[4]**

- **Establishing a regional office in the nearby town of Parkes to support Australian Mines' field operations**

- **Reiterating the company's recruitment principles of preferentially employing from the local community**

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[1] The exact percentage breakdown of the Flemington – Syerston deposit will be confirmed during the course of 2018 as Australian Mines expands its resource drilling program across the project area. Based on the accepted geological map of the area, Australian Mines' tenement portfolio (of EL 7805 & EL 8478) and Clean TeQ Holding's Syerston tenement package (being the single granted tenement of EL 4573) each cover approximately 50% of the Tout Complex (the geological unit that hosts the Flemington – Syerston deposit)

[2] The Mineral Resource Estimate for the Sconi Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 March 2017. The global Mineral Resource for Sconi, as announced on 31 March 2017 is: Measured 17Mt @ 0.80% Ni, 0.07% Co, Indicated 48Mt @ 0.58% Ni, 0.07% Co, Inferred, 24Mt @ 0.41% Ni, 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

[3] Australian Mines Limited, Technical reports, released 31 March 2017

[4] Australian Mines Limited, Quarterly Activities Report, released 31 October 2017

Australian Mines Limited's ("Australian Mines" or "the Company") Flemington Cobalt-Scandium-Nickel Project[5] in central New South Wales represents the direct continuation of Clean TeQ Holding's (ASX: CLQ) Syerston ore body, with the deposit separated purely by a tenement boundary.

This relationship between Australian Mines' Flemington Project and the adjoining Syerston is recognised by leading independent geological consultants[6] and reinforced by the results from the Company's recently-completed resource drilling program, the results of which were released to the market via the ASX platform on 11 August 2017[7].

The Company considered it prudent at this stage of the project's development to commission a globally reputable resource consulting firm to undertake a Mineral Resource estimate of the Flemington Project to both re-affirm that its characteristics (including cobalt grade, host geology and potential mineral resource tonnage) are consistent with those of Clean TeQ's neighbouring Syerston Project, and to demonstrate the consistent and predictable nature of the high-grade cobalt mineralisation at Flemington[8].

Australian Mines is, therefore, pleased to release the maiden cobalt Mineral Resource estimate for its Flemington Cobalt-Scandium-Nickel Project, which is summarised in Table 1 of this report.

The Company notes that the Mineral Resource area (as shown in Figure 2 of this report) represents about 1% of the interpreted area of the prospective Tout Complex[9] within Australian Mines' Flemington Project (see Figure 1 of this report). Thus, the Company believes that it has only 'scratched the surface' regarding the project's potential in terms of its possible mineral endowment.

The historic nickel mining / extraction area[10] present within the Flemington project area, for example, does not presently form part of the current Mineral Resource area, nor does the

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[5] As announced by the Company on 10 October 2016, Australian Mines has entered in to an option agreement with Jervois Mining Limited (ASX: JRV) for Australian Mines to acquire a 100% interest in the Flemington project.

[6] SRK Consulting, an international mining consultancy with no links or association with Australian Mines, had already concluded in their March 2017 Scoping Study of the Flemington Cobalt-Scandium-Nickel Project that the Flemington deposit and neighbouring Syerston mineralisation constitute the same ore body (see Australian Mines announcements of 15 March 2017 titled *Flemington Scoping Study advances project to Pre-Feasibility Study phase* and the Company's 31 March 2017 announcement titled *Technical Reports*). Australian Mines is in no doubt, following its 2017 drill program, that the Flemington and Syerston deposits are indeed two parts of the same ore body.
The geological and geochemical data acquired by an independent geological consulting firm, Rangott Mineral Exploration, during the Company's resource extension drilling program at Flemington served to re-affirm the interpretation that if it were not for the EL7805 (Australian Mines) – EL4573 (Clean TeQ) tenement boundary, then these two cobalt-scandium-nickel deposits would, without question, be treated by the project holder as a single deposit. (See Australian Mines announcement of 11 August 2017 for full details of the Company's 2017 drilling program).

[7] Australian Mines Limited, Drilling doubles cobalt footprint at Flemington, released 11 August 2017.

[8] ASX-listed (Australia-listed) and TSX-listed (Canadian-listed) cobalt-focussed companies typically refer to any cobalt grade above at or above 1,000ppm (0.1%) as being "high-grade". Thus, based on the assays returned from this resource extension drill program, it would appear reasonable to view Flemington as a high-grade cobalt project

[9] The Tout Complex being the host geological unit of both the Company's Flemington and Clean TeQ's Syerston cobalt, nickel and scandium mineralisation

[10] New South Wales' mining register indicates that a historic nickel mine, which had an average production grade of 1% nickel is present within the current Flemington exploration licence 7805, being the tenement hosting the Mineral Resource referred to in this report (New South Wales Geological Survey report – reference GS1970/571).

outcropping cobalt mineralisation observed immediately west of the Company's recent resource drilling[11].

With SRK stating in their Mineral Resource report that they observed very good continuity of mineralisation between drill holes at Flemington and a thickness of up to 40 metres[12], Australian Mines has promptly commenced work to significantly expand its activities across this project area and ensure that its full potential as a world-class cobalt-scandium-nickel project is demonstrated to the Company's shareholders, the broader investment community as well as potential off-take partners in the shortest time possible.

To facilitate this, Australian Mines has committed to establishing a regional office in the nearby town of Parkes to be staffed by locally-based employees, which will act as a convenient contact point for those in the surrounding communities that wish to obtain further information about the proposed Flemington mining operation as well as act as the future employment office for this project (in line with Australian Mines' recruitment principles of employing locally and living locally).

Table 1: Initial Cobalt Mineral Resource for the Flemington Project, located 370 kilometres west of Sydney, New South Wales

Flemington Project Cobalt - Scandium Zone (300ppm Co cut-off)					
Classification	**Tonnage** (million tonnes)	**Cobalt** (%)	**Scandium** (ppm)	**Cobalt metal** (tonnes)	**Scandium metal** (tonnes)
Measured	2.5	0.103	403	2,577	1,001
Indicated	0.2	0.076	408	167	89
Total	**2.7**	**0.101**	**403**	**2,744**	**1,090**

[11] Australian Mines Limited, Drilling doubles cobalt footprint at Flemington, released 11 August 2017.
[12] See Appendix 1 of this report, which was prepared (in full) by Mr Rod Brown, SRK Consulting (Australia) Pty Ltd who is the Competent Person for the Mineral Resource that forms the basis of this report.

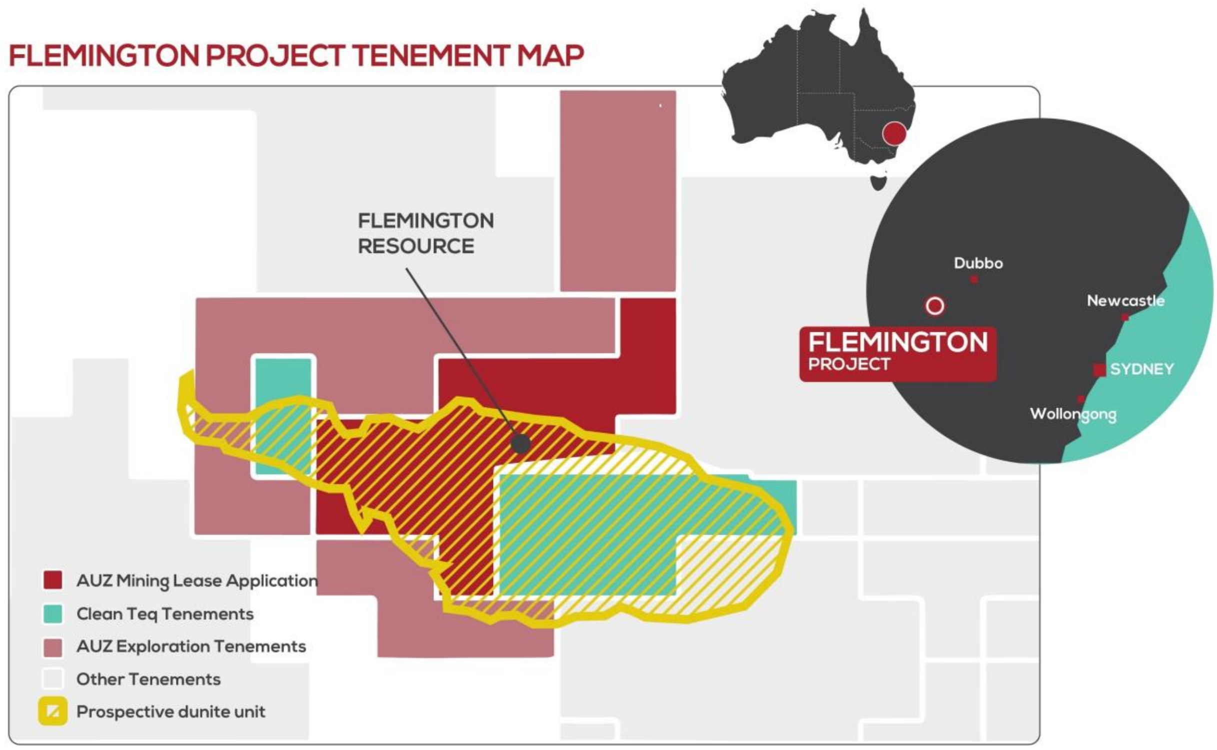

Figure 1: Located in central New South Wales, the Flemington Cobalt-Scandium-Nickel Project covers a significant portion of the prospective Tout Complex (as outlined in yellow in this figure), being the geological unit that hosts both Australian Mines' Flemington cobalt-scandium-nickel deposit and Clean TeQ's Syerston adjoining deposit.

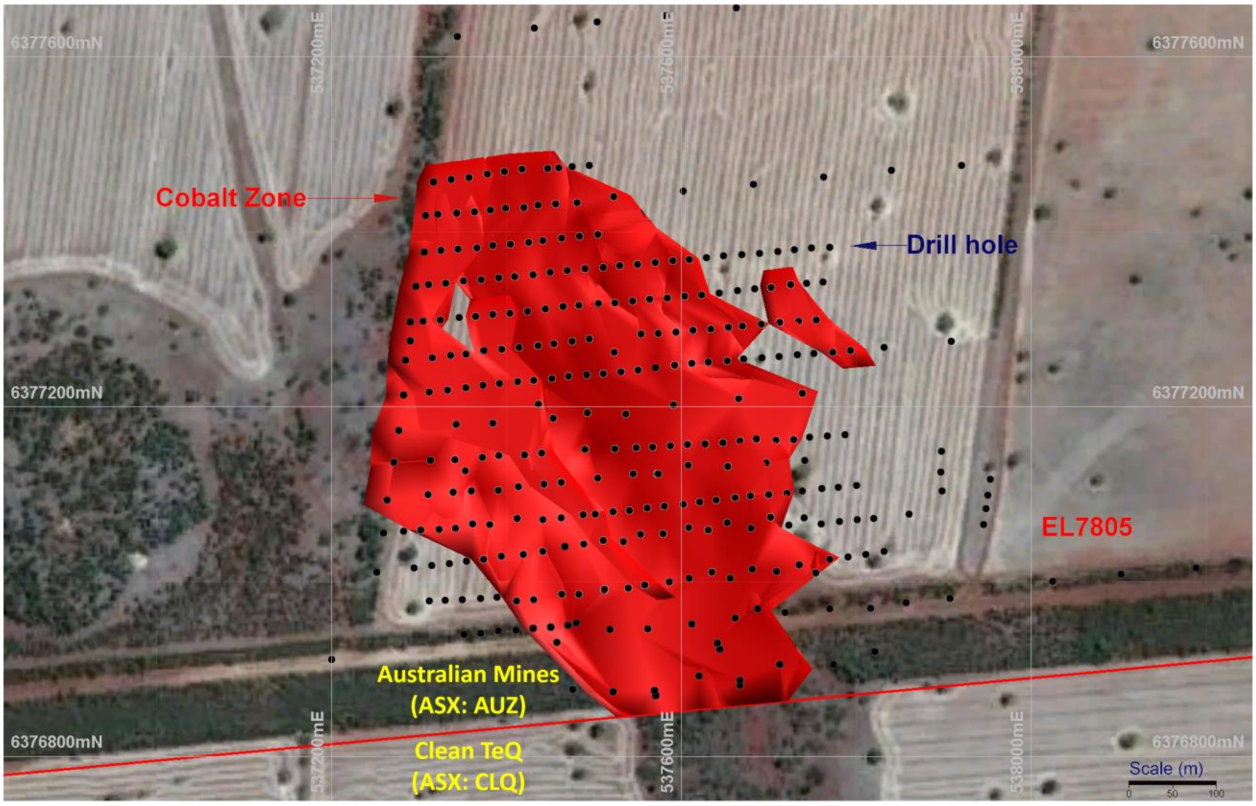

Figure 2: Schematic block model of the cobalt mineralisation (shown in red) at Flemington based on the maiden Mineral Resource for this project. This model indicates that the cobalt mineralisation at Flemington remains open to the west, north and northeast, and potentially also to the east. This model also clearly shows that the cobalt mineralisation at Flemington continues south into Clean TeQ's Syerston project area, which serves as further evidence that the Flemington and Syerston deposits are one in the same.

Section 1: Technical Report

SRK Consulting (Australasia) Pty Ltd (SRK) prepared a resource model and Mineral Resource estimates for Australian Mines' Flemington Cobalt-Scandium-Nickel deposit, which is located approximately 400 kilometres west of Sydney in New South Wales. The nearest town to the project area is Fifield, which is located 15 kilometres to the south-east.

The mineralisation is hosted within laterites that have developed on rocks of the Tout Intrusive Complex, which is described as an Alaskan-type mafic-ultramafic intrusion that is thought to have been emplaced during the late Ordovician to early Devonian period.

The Flemington deposit adjoins Clean TeQ's Syerston cobalt-nickel-scandium deposit to the south, which is also hosted within the Tout Intrusive.

The scandium, cobalt, and nickel mineralisation occurs in a lateritic-saprolitic mantle that has formed from the weathering of the dunites and pyroxenites of the Tout Intrusive. Elevated scandium and cobalt grades appear to occur in areas that are thought to reflect the interlaying of dunites and pyroxenites within the intrusive complex.

The deposit is covered by a thin layer (< 1 metre) of transported soil. The deposit is cut by a paleo-channel that is filled with weakly mineralised transported lateritic material.

The Mineral Resource estimates for Flemington have been prepared using data acquired from drilling programs conducted by Jervois Mining from 2012 to 2015, and by Australian Mines in 2017.

Section 2: Resource Statement

The Mineral Resource estimates were prepared from the database provided by Australian Mines in September 2017. The resource estimates are classified in accordance with the 2012 edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). A Mineral Resource Statement for Flemington is presented in Table 2-1 below.

Table 2-1: Initial Cobalt Mineral Resource for the Flemington Project

Cobalt - Scandium Zone (300 ppm Co cut-off)							
Classification	**Tonnage (Mt)**	**Co (ppm)**	**Sc (ppm)**	**Ni (ppm)**	**Co Metal (t)**	**Sc Metal (t)**	**Ni Metal (t)**
Measured	2.5	1,037	403	2,477	2,577	1,001	6,152
Indicated	0.2	765	408	1,809	167	89	395
Total	**2.7**	**1,015**	**403**	**2,423**	**2,744**	**1,090**	**6,547**

Scandium Zone (300 ppm Sc cut-off)							
Classification	**Tonnage (Mt)**	**Co (ppm)**	**Sc (ppm)**	**Ni (ppm)**	**Co Metal (t)**	**Sc Metal (t)**	**Ni Metal (t)**
Measured	1.6	103	430	710	164	688	1,138
Indicated	0.2	94	455	484	21	99	106
Total	**1.8**	**102**	**433**	**683**	**185**	**788**	**1,244**

Section 3: Resource Estimation Overview

The database that Australian Mines has compiled for the Flemington deposit contains over 341 drill holes, totalling 6,636 metres of drilling. The majority of the drilling was conducted using air core equipment, which was supplemented by some reverse circulation (RC) and diamond core drilling. Approximately 70% of the holes (and metreage) were drilled by Australian Mines in 2017.

A summary of the drill hole data that were retained for resource estimation is presented in Table 3-1. The remaining holes comprise a mix of twinned holes and wide-spaced drilling peripheral to the defined resource area.

Table 3-1: Resource Estimation Drill Data Summary

Company	Holes	Metres	Intervals	Assayed Intervals
Jervois Mining	74	1,571	1,528	1,528
Australian Mines	227	4,472	4,462	4,462
Total	**301**	**6,043**	**5,990**	**5,990**

The drilling was performed on section lines angled at approximately 5 degrees to the MGA grid. Many of the Jervois holes were drilled on a nominal spacing of 40 by 40 metres. The majority of the Australian Mines holes, which infilled the Jervois drilling and extended the coverage to the north, were drilled on a nominal spacing of 20 by 40 metres. A schematic representation of the drill coverage is shown in Figure 3-1.

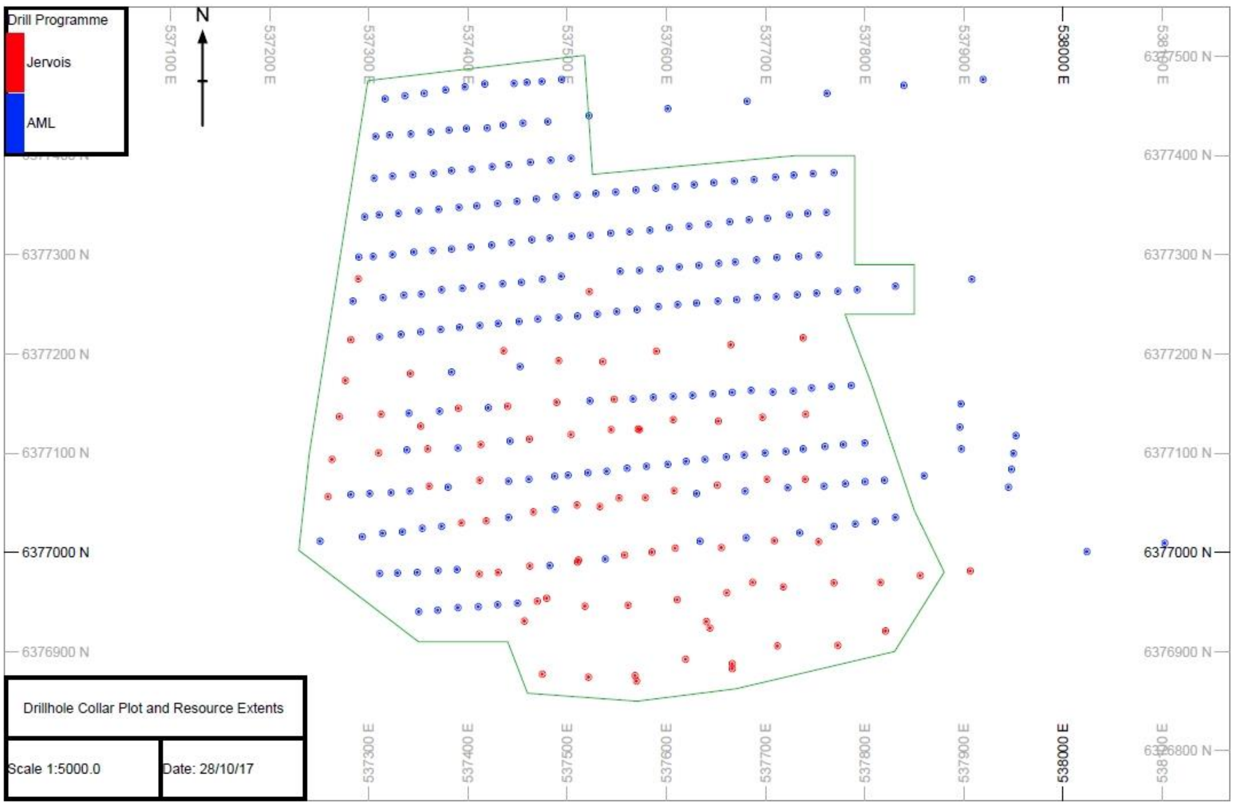

Figure 3-1: Drill Coverage (red – Jervois Mining, blue – Australian Mines)

The sample collection and testing procedures described below primarily pertain to the Australian Mines program, but it is understood that similar procedures were used for the Jervois drilling programs. Comparative studies of the Australian Mines and Jervois datasets were used to confirm that the earlier data are suitable for resource estimation.

All but 28 samples used for resource estimation were collected using air core drilling equipment. The rigs were fitted with 95 millimetres bits, with an internal tube diameter of 57 millimetres. Samples were collected on 1 metre intervals from a rig-mounted rotary splitter configured to take a 1/6 split, giving a typical split size of approximately 2 kilograms. The entire sample from each interval was weighed, and logging included estimates of recovery and wetness.

The samples were dispatched to ALS (Orange and Brisbane laboratories) for sample preparation and analyses. Each sample was dried and crushed and a 250 grams split was pulverised to 85% passing 75µm. Geochemical analysis was performed using fused bead XRF, with the following constituents included in the analytical suite: *Al_2O_3, CaO, Co, Cr_2O_3, Cu, Fe_2O_3, K_2O, LOI, MgO, MnO, Na_2O, Ni, P_2O_5, Pb, Sc, SiO_2, TiO_2, Zn.*

Quality assurance protocols included the insertion by Australian Mines of Field Duplicates, Standards, and Blanks at nominal frequencies of 1-in-20 to 1-in-30. ALS also included its own internal QA/QC Standards and repeats.

The dry bulk density dataset was derived from 125 water immersion tests performed on 10-centimetre core fragments collected from two diamond core holes. The data were grouped according to material type, and the dataset averages calculated. These results were supplemented by density estimates derived from the air core sample weights (factored to account for assumed moisture content, bit wear, and recovery). The combined datasets were used to assign nominal values to the resource model cells with equivalent codes.

All data used for resource estimation are reported using MGA94 Zone 55, with elevations based on the AHD coordinate system. The topographic data over the deposit region was acquired from the SRTM 30 metre database. Collar locations were surveyed using handheld GPS, and post-processed using data from a base station located at nearby Tullamore. Prior to resource modelling, the drill collar elevations were adjusted to the topographic surface. All holes were vertical and relatively shallow (average depth of 20 metres) and downhole surveying was not performed.

The geological interpretation was primarily based on the geochemical data, which indicated the presence of clearly defined sub-zones within the lateritic profile, typically displaying a goethitic upper horizon and a more siliceous lower horizon. A total of four sub-horizontal domains were defined for estimation control. These were primarily based on Sc and Co grades, and comprised the following units (from the surface down):

Overburden zone: soils and weakly mineralised channel-fill eroded laterite.

Scandium zone: relatively continuous and uniformly mineralised zone with elevated scandium grades (>200 ppm). Generally typified by high Fe_2O_3 grades.

Cobalt zone: relatively continuous and uniformly mineralised zone with elevated cobalt (>300 ppm and scandium grades (>200 ppm). Generally typified by a reduction in Fe_2O_3 and an increase in SiO_2.

Saprolitic zone: treated as the basement domain, and generally marked by a relatively sharp reduction in scandium, cobalt, and Fe_2O_3, a gradational increase in SiO_2, and a sharp increase in CaO and MgO.

Each horizon was interpreted over the extents of the deposit, and represented by upper and lower wireframe surfaces. The wireframes were used to assign domain codes to the drill hole samples. The flagged samples were composited to 1 metre intervals. Statistical analyses indicated the domain composites showed relatively well-defined populations for the constituents of interest. Grade cutting was not considered necessary.

Variographic studies were conducted on the transformed data (see below), with well-structured variograms obtained for cobalt, scandium and nickel, as well as for most of the major oxides. Nugget values were typically low (<10%), total ranges were in the order of 300 metres, with 80% of the sill generally reached within 100 metres. As expected for this style of mineralisation, the variograms exhibited minimal lateral anisotropy, but significant vertical anisotropy.

The resource estimates were prepared using conventional block modelling techniques. A single 3D model framework was created covering the entire deposit. Drill spacing and kriging neighbourhood analysis (KNA) were used to assist with the selection of a parent cell of 10 by 10 by 1 metre. The model cells were flagged using the domain wireframes. A digital elevation model prepared from the topography data was used to remove cells located above the current surface.

Prior to grade estimation, the model cells were transformed relative to local datum planes such that cells within similar parts of the lateritic profile were assigned similar elevations. Identical transforms were applied to the drill hole data such that the original geometric relationship between the samples and model cells was retained.

Local estimates were prepared for all of the constituents listed above. Ordinary Kriging was used for grade interpolation and all domain contacts were treated as hard boundary constraints. Estimates were made into the discretised parent cells. A three-pass search strategy was implemented using discoid-shaped search ellipsoids, with orientations and dimensions primarily based on the variography studies. Octant searching and keyfield restrictions were invoked for additional estimation control. Default grades, which were equivalent to the average grades of the estimation datasets, were assigned to any cells that did not receive estimated grades. Extrapolation was limited to approximately half of the drill spacing. After estimation, the model cells were back-transformed to their original locations.

Model validation included visual comparisons of the sample and model cell grades, local and global statistical comparisons of the sample and model cell grades, major oxide total comparisons, and an assessment of the estimation performance data. No significant issues were identified, with the model cell estimates appearing to be consistent with the input data.

The resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the likely economic viability of the material. The main elements of economic interest are cobalt, scandium and nickel.

The main elements that could impact upon processing costs are considered to be manganese and calcium. The resource reporting cut-off has been selected with consideration given to marketing and processing information provided by Australian Mines. The cut-offs are similar to the grade thresholds that were used to assist with domain interpretation. At the chosen cut-offs, grade and lithological continuity are well-defined. The chosen cut-off grades are not inconsistent with that used for similar deposits.

*****ENDS*****

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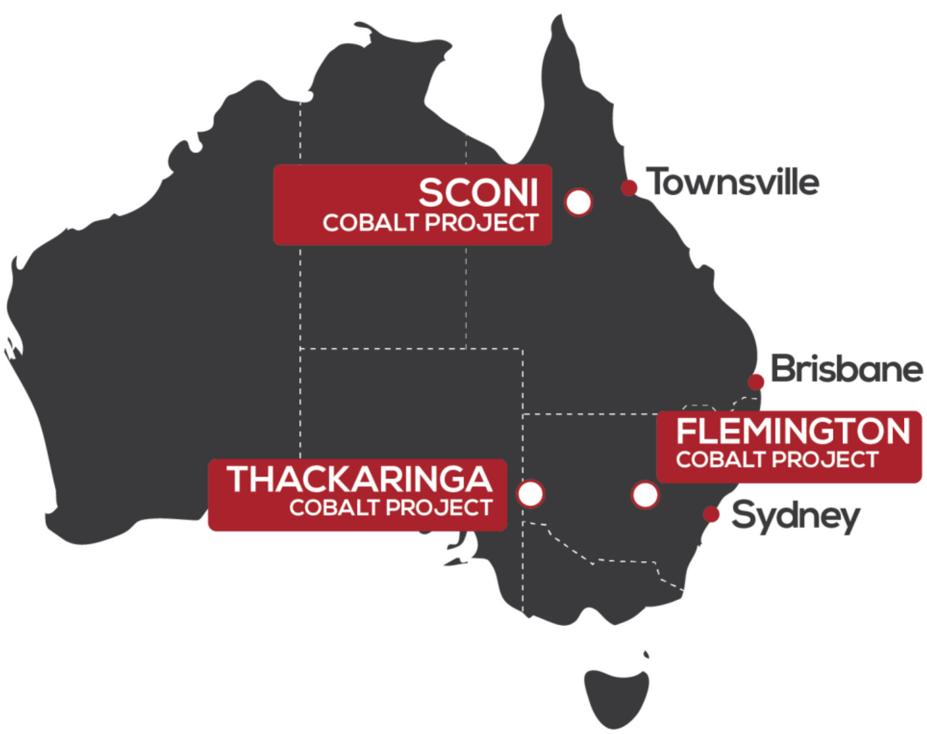

Competent Persons' Statements

Flemington Cobalt-Scandium-Nickel Project

The information in this statement that relates to the Flemington Cobalt-Scandium-Nickel Project's Mineral Resource estimates is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd. Rod Brown is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 edition). Mr. Brown consents to the inclusion of Mineral Resources information in this report in the form and context in which it appears.

Appendix 1: JORC Code 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems.* • *Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	The datasets used for Mineral Resource estimation were derived from drilling programs conducted by Australian Mines (ASX:AUZ) in 2017, and by Jervois Mining (ASX:JRV) from 2012 to 2015. Approximately 75% of the data were sourced from Australian Mines holes. Most of the commentary in this section of Table 1 pertains to the Australian Mines drilling program. Only limited information is available for the Jervois programs, but they are understood to be similar to the Australian Mines program. The 2017 field program was managed by Rangott Mineral Exploration (RME); an independent consultant directly engaged by Australian Mines. The database that Australian Mines has compiled for the project area contains 341 drill holes, totalling 6,636 m of air core drilling, 297 m of reverse circulation (RC) drilling, and 61 m of diamond core drilling. Approximately 70% of the holes (and metres) were drilled in 2017, with the remainder drilled in between 2012 and 2015. A total of 301 holes, equating to 6,043 metres were directly used for resource estimation. The remainder comprised wide-spaced drilling peripheral to the defined resource area, as well as some twinned holes. The majority of samples were collected on 1 metre intervals. A 1/6 split (approximately 2 kilograms) was collected from a cyclone-mounted rotary splitter for assaying, with the remainder of the material from each interval retained for reference. The samples were sent to ALS (Orange and Brisbane) for sample preparation and assaying. Sample preparation included drying, crushing, splitting, and then pulverising a 250 grams aliquot to a nominal size of 85% passing 75 µm for assaying (see below).

Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	The majority of the sample data used for resource estimation was derived from samples collected using a Wallis Mantis 100 air core rig fitted with a 95 mm open-bladed bit, and an inner tube diameter of 57 mm. The two core holes were drilled using PQ sized coring equipment.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/ coarse material.*	A semi-quantitative assessment of air core recovery was performed by weighing each of the samples. In general, sample recovery was observed to be high, with the average weight being approximately 85% of the theoretical weight (differences are expected due to bit wear, as well as some loss in the collection system, and local variation/ uncertainty in density). For core samples, recoveries were measured during logging. The cyclone-mounted rotary splitter was cleaned on a regular basis to eliminate/ minimise down-hole and cross-hole contamination. The majority of the samples are described as being relatively dry, with limited moist or wet samples. The relationship between sample recovery and grade, and whether bias had been introduced, has not been investigated at this stage. No significant grade differences were observed between the twinned diamond core and air core pairs.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	All drill holes used for resource estimation were geologically logged to a level of detail deemed sufficient to enable the delineation of geological domains appropriate to support Mineral Resource estimation and classification. The core samples were geologically logged, photographed, and marked up for sampling. Sieved rock chips from each air core sample were collected into chip trays, photographed, and retained for reference. Magnetic susceptibility measurements were recorded for all samples. Apart from the magnetic susceptibility measurements, all logging is deemed to be qualitative.

Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	The air core samples were collected from each 1 metre interval from the rig-mounted rotary splitter configured to give a 1/6 split. The splits were sent for laboratory preparation and assaying, with the remainder bagged and transported to a sample farm. Upon receipt by the laboratory, the samples were sorted and oven dried before being crushed. Splits of approximately 250 grams were pulverised to nominal size of 85% passing 75 µm. Sampling nomograms have not been prepared to assess the adequacy of the sample weight and grind size combinations; however, the quality assurance results do not indicate significant issues. Field duplicates, Certified standards, and Blanks were inserted into the sample batches by RME at frequencies of approximately 1:20 to 1:30. The Field duplicates comprised spear samples collected from the material remaining after rotary splitting. Spearing is not considered to be a reliable sampling method; however, a comparison of the original and duplicate results indicated very good repeatability. The Standards were inserted as pulps. The Blanks comprised finely crushed basalt sourced from the quarry near Orange.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Geochemical analyses were performed using fused bead XRF, with the analytical suite including the following constituents: Al_2O_3, CaO, Co, Cr_2O_3, Cu, Fe_2O_3, K_2O, LOI, MgO, MnO, Na_2O, Ni, P_2O_5, Pb, Sc, SiO_2, TiO_2, and Zn In addition to the QAQC procedures described above, the laboratory also inserted internal QAQC samples to monitor the quality of the analysis. These included Standards, Blanks, and repeats. The QAQC data did not indicate significant issues with the laboratory testwork.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	RME undertook an assessment of significant and anomalous intersections. When preparing the domain interpretation, SRK examined the assay data in all holes, with visual checks of the grade continuity for all major elements. SRK also conducted spot checks against the log sheets and the original laboratory reports. The database contains two pairs of air core – air core holes and two pairs of air core – diamond core holes that are sufficiently close to be used to prepare twinned datasets. Twinned data comparisons indicated similar characteristics in terms of grade tenor and intercept thickness, with no significant issues identified. Australian Mines contracted Expedio to manage the importation, validation, and distribution of the laboratory and field data via an OCRIS data system hosted on a SQL Server platform. Validation included numerical range checks on survey and interval data, library code lists, and visual checks in Micromine® mining software. Database extracts were provided to SRK in CSV format. These were spot-checked against the original survey records and laboratory sheets, and additional visual checking was performed on the desurveyed drill hole data in Studio RM® All assay data were accepted into the database as supplied by the laboratory, with no adjustments applied.
Location of data points	▪ *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* ▪ *Specification of the grid system used.* ▪ *Quality and adequacy of topographic control.*	The drill hole collars were surveyed using a hand-held GPS unit (Trimble Geoexplorer 6000), with the results post-processed using data from a base station located at Tullamore. The surveying was conducted by RME, who quotes a horizontal and vertical accuracy of <10 cm and <20 cm respectively. All survey data are reported according to MGA94 Zone 55, with elevations based on AHD. All holes are assumed to be vertical and, with an average hole depth of only 20 metres, downhole surveying was not considered necessary.

Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	The drilling was performed on section lines angled at approximately 5° to the MGA94 grid. Many of the Jervois holes were drilled on a nominal spacing of 40 x 40 metres. Most of the Australian Mines holes, which infilled the Jervois drilling and extended the coverage to the north, were drilled on a nominal spacing of 20 x 40 metres. At these drill spacings, the continuity of zones of elevated Scandium, Cobalt, and Nickel could be clearly traced between drill holes. The variography indicated practical grade continuity ranges of up to 100 metres. Over 99% of the data used for resource estimation was derived from samples collected on 1 metre intervals, with most of the remainder derived from 2 metre intervals. The dataset was composited to 1 metre intervals prior to grade estimation.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	All drill holes are assumed vertical, which means that most of the sampling is orthogonal to the sub-horizontal zones of elevated Scandium, Cobalt, and Manganese grades. In places, some steeply dipping lithological contacts have been interpreted between drill holes (typically in the vicinity of an erosional features). No orientation-based sampling biases have been identified, nor are expected for this style of mineralisation.
Sample security	• *The measures taken to ensure sample security.*	RME retained responsibility for the samples until they were received by the ALS laboratory in Orange. Individual samples for laboratory testing were collected from the rig into labelled calico bags, which were then packed into labelled and sealed polyweave bags. The bags were collected from the drill rig at the end of each daily shift, and stored in a locked shed located at the exploration team's accommodation facilities in Tullamore (15 kilometres to the north of the site). The samples were then transported by road to the ALS laboratory in Orange by a local contractor. Upon receipt, the samples were checked against the submission sheets and entered into the ALS laboratory information management system. Assay results were provided electronically to Expedio in both CSV and locked PDF format.

Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	SRK is not aware of any independent reviews or audits of the data collection procedures

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The reported resources are all contained within Exploration Licence EL 7805 and Mining Lease Application MLA 538. Descriptions of the tenure and impediments are contained in a letter prepared by Hetherington Exploration and Mining Title Services, which is attached to this report. In summary: • EL 7805 is held by Jervois Mining Limited. Australian Mines is the operator of EL 7805 and has an option to acquire 100% of the tenement. Prior to the 13 July 2017 expiry of EL 7805, an application to renew the full area of EL 7805 was lodged with the NSW Department of Planning and Environment (Department) and is currently pending. EL 7805 will continue to have effect following expiry until the application for renewal is determined by the Department. Department has issued a notice of proposed decision to renew EL 7805 for a period expiring 13 July 2020 for the units covering the Flemington Project resource. Australian Mines Limited is currently finalising the EL 7805 renewal area with the Department. • The Flemington Project tenure is not subject to any overriding royalties. Any Mining Lease granted in satisfaction of MLA 538 will be subject to Part 14 of the Act, which requires royalties in accordance with clause 77 and Schedule 6 of the Mining Regulation 2016 (NSW) to be paid to the Crown.

		• As at the time of reporting, there are no historical sites, wilderness, national park or environmental settings apparent which may affect either the security of the Flemington Project tenure or provide any impediment to mining operations.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	The datasets provided to SRK were sourced from drilling programs conducted by Jervois between 2012 and 2015, and by Australian Mines in 2017. The project adjoins CleanTeq's Syerston deposit, which is located immediately to the south. SRK understands that numerous exploration programs have been conducted within the region, but SRK is not in possession (or aware of the existence) of datasets that may be directly relevant to the Flemington Mineral Resource estimates described in the report.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Flemington is considered to be a residual supergene deposit. The selective removal of more soluble minerals during the intense weathering of ultramafic rocks has resulted in the residual enrichment of Scandium, Cobalt and Nickel. The mineralisation is hosted within laterites that have developed on rocks of the Tout Intrusive Complex, which is described as an Alaskan-type mafic-ultramafic intrusion that is thought to have been emplaced during the late Ordovician to early Devonian Period. Elevated Scandium and Cobalt (+ Nickel) grades appear to occur in distinct zones that are thought to reflect the interlayering of dunites and pyroxenites within the intrusive complex.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole*	No exploration results are reported for this study.

	○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated. No exploration results are reported for this study. Relationship between mineralisation widths and intercept lengths* • *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	No exploration results are reported for this study.

Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	No exploration results are reported for this study.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	No exploration results are reported for this study.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	SRK is not aware of any meaningful and material exploration datasets that are additional to those used in the Mineral Resource estimates.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	SRK is not aware of plans that Australian Mines may have for further exploration work in the project area.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used*	The dataset used to prepare the Mineral Resource estimates is stored in a SQL Server database managed by Expedio, a data management company contracted by Australian Mines. All data loading was via electronic transfer from files provided by ALS laboratory and RME. The data loading import scripts contain sets of rules and validation routines to ensure the data are of the correct format and within logical ranges. Extracts were checked to ensure the consistency of data across related tables. The database extracts were provided to SRK in CSV format, along with copies of the original source files from ALS and RME. SRK conducted spot-checking of selected datasets against the original source files. The datasets were checked for internal consistency and logical data ranges when preparing data extracts for resource estimation.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.*	A site visit has not been conducted by the Competent Person (CP) for the Mineral Resource sign-off. At the time of CP engagement, the drilling programs had been completed, and the sites rehabilitated. The project area is flat lying, under pasture, and understood to show minimal outcrop exposure. The CP has relied upon descriptions of the field activities and geology provided by RME, which has been supplemented by site, core and chip photographs.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	The geological interpretation is considered consistent with datasets, as well as with the broadly accepted understanding within the mining community of the regional geology. Estimation domain definition was primarily based on geochemical data, with boundaries generally defined by distinct changes in Scandium and Cobalt grades. These boundaries also coincided with marked changes in many of the major oxide grades, including MgO, CaO, Fe_2O_3, and SiO_2. Domain geometry was observed to be relatively consistent and predictable over the extents of the drill coverage, with very good continuity evident between drillholes.

Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The mineralisation is contained within a lateritic horizon that has an elongated basin shape with a length of approximately 800 metres, a width of approximately 300 metres, and a thickness of up to 40 metres. An erosional channel, which has been subsequently filled with weakly mineralised laterite, occupies the central part of the basin. The channel has a length of up to approximately 500 metres, a width of up to 100 metres, and depth of up to 30 metres. The following four sub-horizontal zones, each covering the extents of the drill coverage, have been defined: • Overburden zone: A covering mantle of soils and weakly mineralised channel-fill eroded laterite. Overburden was identified in approximately 50% of the holes, with an average depth of around 5 metres and maximum depth of 30 metres. • Scandium zone: A relatively continuous and uniformly mineralised goethitic zone with elevated Scandium grades. The Scandium zone was identified in approximately 75% of the holes, with an average thickness of 7 metres and a maximum thickness of approximately 20 metres. • Cobalt zone: A relatively continuous and uniformly mineralised siliceous-goethitic zone, with elevated Cobalt and Scandium grades. The Cobalt zone was identified in approximately 75% of the holes, with an average thickness of 8 metres and a maximum thickness of approximately 20 metres. • Saprolitic zone. This was treated as the 'basement' zone, and was defined by a relatively sharp reduction in Scandium, Cobalt, and Fe2O3, a gradational increase in SiO2, and a sharp increase in CaO and MgO. Over 90% of the holes intersected the Saprolite zone.

Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.*	The Mineral Resource estimates were prepared using conventional block modelling and geostatistical estimation techniques. A single model was prepared to represent the defined extents of the mineralisation. The resource modelling and estimation study was performed using Datamine Studio RM®, Supervisor®, and X10®. Kriging neighbourhood analyses (KNA) studies were used to assess a range of parent cell dimensions, and a size of 10 x 10 x 1 metre (XYZ) was considered appropriate given the drill spacing, grade continuity characteristics, and the expected mining method. The parent cell dimensions were considered to be suitable to accurately represent the interpreted domain volumes, and sub-celling was not used. The volume model and estimation datasets were spatially transformed (flattened and dilated) prior to estimation. The original sample data were downhole composited to 1 metre intervals (over 99% of samples were collected on 1 metre intervals). Probability plots were used to assess for outlier values, and grade cutting was not considered necessary. The parent cell grades were estimated using ordinary block kriging. The domain wireframes were used as hard boundary estimation constraints. Search orientations and weighting factors were derived from variographic studies conducted on the transformed data. A multiple-pass estimation strategy was invoked, with KNA used to assist with the selection of search distances and sample number constraints. Extrapolation was limited to approximately half the nominal drill spacing. Although the formal resource statement only declares estimates for Scandium, Cobalt, and Nickel, the model contains local estimates for an additional 15 constituents that may be of interest for other discipline studies (including mining, processing, environmental, and marketing studies).

	• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Model validation included: • Visual comparisons between the input sample and estimated model grades • Global and local statistical comparisons between the sample and model data • An assessment of estimation performance measures including kriging efficiency, slope of regression, and percentage of cells estimated in each search pass.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The resource estimates are expressed on a dry tonnage basis, and in situ moisture content has not been estimated. A description of density data is presented below.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	A resource reporting cut-off of 300 ppm Cobalt has been used for the mineralisation contained within the Cobalt-Scandium domain. A resource reporting cut-off of 300 ppm Scandium has been used for the mineralisation contained within the separate Scandium domain. An assessment of the geological data shows the mineralisation to be well defined at grade thresholds of around 200 - 300 ppm Scandium and Cobalt. SRK understands that detailed metallurgical and marketing studies have not been completed and, for the consideration of potential economic viability, these cut-off grades have been benchmarked against those used for projects that are considered to be peer projects at more advanced stages of development.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods,*	Detailed mining studies have not yet been completed. It is expected that ore will be extracted using conventional selective open pit mining methods, which includes hydraulic excavator mining, and dump truck haulage. Mining dilution assumptions have not been factored into the resource estimates.

	but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Detailed metallurgical testwork has not yet been completed. However, based on preliminary testwork completed by CSIRO, there is a reasonable level of confidence in the amenability of Flemington material to processing using conventional high-pressure acid leach (HPAL). Simulus Engineering (metallurgical consultants) advised that sighter testwork under typical conditions indicated expected recoveries of 86% Scandium 91% Cobalt, and 93% Nickel, with the expectation of improved extractions (particularly for Cobalt and Nickel) after the completion of optimisation studies. Simulus advised that the expectation of metallurgical amenability of the Flemington ores is also supported by the testwork findings for the other projects in the region that are understood to have similar ores and propose similar processing flowsheets.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an*	It is anticipated that material included in the resource will be mined under the relevant environmental permitting, which will be defined as a part of scoping and feasibility studies. The characterisation of acid generating potential will be completed during a definitive feasibility study and factored into waste rock storage design. The likelihood of acid generation is considered low, given the intense weathering of the profile and the geochemical characteristics of the host rocks.

	explanation of the environmental assumptions made.	
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	The dry bulk density dataset was derived from 125 water immersion tests performed on 10-centimetre core fragments collected from two diamond core holes. The data were grouped according to material type, and the dataset averages calculated. These results were supplemented by density estimates derived from the air core sample weights (factored to account for assumed moisture content, bit wear, and recovery). The combined datasets were used to assign nominal values to the resource model cells with equivalent codes.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.*	The resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the likely economic viability of the material. The mineralised zones show very good continuity between drill holes. The variographic studies indicate ranges of up to 100 metres, which is well in excess of the 20 x 40 metre drill spacing. It is considered that adequate QA data are available to demonstrate that the Australian Mines datasets, and by comparison, the Jervois datasets, are sufficiently reliable for the assigned classifications. The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended, and the confidence in the estimates is consistent with the classifications that have been applied.

		Based on the findings summarised above, it was concluded that the controlling factor for classification is sample coverage. A resource boundary was defined approximately 15 metres beyond the extents of relatively uniform drill coverage. A classification of Measured Resource has been assigned to Scandium and Cobalt domain estimates in areas with a uniform nominal drill spacing of 20 x 40 metres. A classification of Indicated Mineral Resource has been assigned to Scandium and Cobalt domain estimates in areas where the drill spacing is less regular or the domains appear to be less continuous. Material located within the Overburden and Saprolite zone was assigned a classification of Inferred. These zones contained minimal material above the reporting cut-offs.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	No independent audits or reviews have been conducted on the latest resource estimates.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be*	The resource estimates have been prepared and classified in accordance with the guidelines that accompany the JORC Code (2012), and no attempts have been made to further quantify the uncertainty in the estimates. The largest source of uncertainty is considered to be related to density estimates. The estimates are considered to be consistent with the density test dataset and the estimates derived from the factored sample weights. However, the samples used for density testing were all sourced from the southern part of the deposits, and the estimates derived from the sample weights are based on a number of assumptions pertaining to moisture content and recovery. The surface topography model was prepared using SRTM data. This is considered to be of acceptable accuracy given the minimal topographic relief in the project area, the geometry of the mineralised zones, and the elevation adjustments that were applied to ensure consistency between the drill hole collars and the topography model. More accurate survey data will be required to support detailed mine planning and infrastructure studies.

	compared with production data, where available.	The resource quantities should be considered as regional or global estimates only. The accompanying models are considered suitable to support mine planning studies, but are not considered suitable for production planning, or studies that place significant reliance upon the local estimates.