

2 November 2017

Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

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### **ASX Aware Letter Response**

Australian Mines Limited (“AUZ” or “the Company”) provides the following responses to the questions contained in the Aware Letter from the Australian Securities Exchange dated 31 October 2017 in accordance with Listing Rule 18.7A.

**1. Does AUZ consider the information contained in the Announcement, and in particular the Resource Estimate, to be information that a reasonable person would expect to have a material effect on the price of value of its securities?**

Prior to 31 October 2017, AUZ did not expect the information contained in the Announcement to have a material effect on the price of value of its securities. This is because the “Resource Estimate” was of similar tonnage as the previously disclosed JORC Resource in relation to the Flemington Project, and sought only to include the cobalt mineralisation as part of this Resource. The inclusion of cobalt into this existing Resource was not considered unexpected as AUZ had previously announced the results of a detailed resource drill program over the area, which already informed that market of the expected cobalt grade of its resource. The market had similarly already been informed on a number of occasions by AUZ that the Flemington Resource would be similar in nature to the adjacent Syerston (now Sunrise) mineralisation, given that Flemington is the immediate continuation of the Syerston Resource. However, in retrospect and particularly in light of the share price movement that occurred on 31 October 2017 following the release of the Announcement, AUZ does now acknowledge that such information did have a material effect on the price of its securities.

**2. If the answer to question 1 is “no”, please advise the basis for that view.**

Not applicable.

**3. When did AUZ first become aware of the information in the Announcement? In answering this question, please state the date and time that the entity first became aware of the information (or any part thereof in the Announcement).**

AUZ first became aware of part of the information in the Announcement in draft form on Wednesday, 18 October 2017 at 9:25am AWST when AUZ received a draft Mineral Resources Statement from SRK Consulting (“SRK”) for the Flemington Cobalt-Scandium-Nickel Project (“Flemington Project”) (“Initial Draft Statement”). However, the Initial Draft Statement contained material errors which caused AUZ to question the veracity of the information initially provided. Accordingly, following receipt of the Initial Draft Statement, AUZ commenced discussions with SRK with a view of resolving any queries relating to the accuracy of the information contained in the Initial Draft Statement and ensuring that the AUZ’s Board of Director’s (“the Board”) was satisfied with the veracity of that information prior to disclosing that information to the market.

- 4. If the answer to question 1 is “yes” and AUZ first became aware of the information in the Announcement before the relevant date, did AUZ make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AUZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AUZ took to ensure that the information was released promptly and without delay.**

Despite AUZ becoming aware of part of the information in the Announcement on Wednesday, 18 October 2017, this information was not lodged with ASX until 9.49pm AWST on Monday, 30 October 2017 because it was only at this point in time that the Board was satisfied with the veracity of the information contained in the Initial Draft Statement received from SRK and the contents of the Announcement.

As noted above, the information received on Wednesday, 18 October 2017 was in a draft form, was incomplete and required corrections. For these reasons, AUZ believed that the veracity of the information was such that it would be potentially misleading if it were to be disclosed without correction and therefore insufficiently definite to warrant disclosure to the market and would not constitute information that reasonable person would expect to be disclosed at this time.

Consequently, AUZ and SRK worked together to complete and correct the errors in the Initial Draft Statement between Wednesday, 18 October 2017 and Sunday, 29 October 2017 when an updated draft corrected Mineral Resources Statement was provided to AUZ by SRK at 10:25am AWST (“Revised Draft Statement”).

On receipt of the Revised Draft Statement, AUZ prepared the Announcement with a view of releasing that Announcement upon receipt of the final signed mineral resources statement from SRK (“Final Statement”).

The AUZ Board reviewed the Revised Draft Statement and the Announcement between Sunday, 29 October and Monday, 30 October 2017. By 9:42pm AWST on 30 October 2017, despite not yet receiving the Final Statement from SRK, the Board:

- (a) considered its obligations to release the information under Listing Rule 3.1;
- (b) discussed the release of the Announcement without the Final Statement having been received;
- (c) concluded that it was satisfied that the Revised Draft Statement and the associated JORC table contained sufficient and correct information to support the Announcement; and
- (d) resolved to release the Announcement to the market.

As a result, the Announcement was finalised and lodged by AUZ on the ASX Market Announcements Platform at 9.49pm AWST on Monday, 30 October 2017. The Announcement was then released to the market at 5.20am AWST on Tuesday, 31 October 2017.

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

AUZ confirms it is in compliance with the Listing Rules, including Listing Rule 3.1.

- 6. 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 AUZ on disclosure matters.**

AUZ confirms that the responses to the above have been authorised and approved by its Board.

Sincerely

A handwritten signature in black ink, appearing to read 'jbell', positioned below the word 'Sincerely'.

Benjamin Bell  
Managing Director  
Australian Mines Limited



31 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”): AWARE LETTER**

ASX Limited (“ASX”) refers to the following.

- A. AUZ’s response to ASX Price & Volume Query released to the market at 6.11am AWST on Wednesday, 18 October 2017, which disclosed the following.

*“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”*

- B. The change in the price of AUZ’s securities from a closing price of \$0.061 on Friday, 27 October 2017, to a closing price of price of \$0.088 on Monday, 30 October 2017.

- C. The telephone conversation between Mr Benjamin Bell, Managing Director of AUZ, and Mr Ben Secrett of the ASX, at 12.09-12.14pm AWST on Monday, 30 October 2017, during which no mention was made of AUZ’s intention to release the Announcement.

- D. ASX’s Price & Volume Query dated 30 October 2017 sent to AUZ at 1.57pm AWST on Monday, 30 October 2017.

- E. AUZ’s initial and final responses to the ASX Price & Volume Query dated 30 October 2017 which were received by ASX at 9.42pm and 11.00pm AWST, respectively, on Monday, 30 October 2017, with the final response entitled “Response to ASX Price Query” released to the market at 6.57am AWST on Tuesday, 31 October 2017, which disclosed the following.

*“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*

*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?”*

*Whilst Australian Mines is not aware of any information that has not been announced to the market, which if known by some in the market, could explain the recent trading in the*



*Company's securities, it is of the opinion that the following [including AUZ's MD meeting with potential investors in HK and London, and a comparison of AUZ's Flemington Project and CLQ's Syerston Project] may help explain at least some of the recent trading in the Company's shares."*

- F. AUZ's announcement entitled "Maiden Mineral Resource confirms Flemington Project's cobalt credentials" lodged on the ASX Market Announcements Platform at 9.49pm AWST on Monday, 30 October 2017 (outside of ASX Market Announcements Office's operating hours) and released to the market at 5.20am AWST on Tuesday, 31 October 2017 (the "Announcement"), disclosing "the maiden Mineral Resource estimate for [AUZ's] Flemington Cobalt-Scandium-Nickel Project" ("Resource Estimate").
- G. The change in the price of AUZ's securities from a closing price of \$0.088 on Monday, 30 October 2017 to an intra-day high of \$0.13 on Tuesday, 31 October 2017.
- H. Listing Rule 3.1, which 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.
- I. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity",*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*



3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

K. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, 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. Does AUZ consider the information contained in the Announcement, and in particular the Resource Estimate", to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did AUZ first become aware of the information in the Announcement? In answering this question, please state the date and time that the entity first became aware of the information (or any part thereof) in the Announcement.
4. If the answer to question 1 is "yes" and AUZ first became aware of the information in the Announcement before the relevant date, did AUZ make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AUZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AUZ took to ensure that the information was released promptly and without delay.
5. Please confirm that AUZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. 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 4.00pm AWST on Thursday, 2 November 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 [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@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***

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, 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 if you have any queries about the above.

Yours sincerely

*[sent electronically without signature]*

Ben Secrett  
**Senior Adviser, ASX Listings Compliance**