

31 January 2018

Quarterly Activities Report

Period ended 31 December 2017

HIGHLIGHTS

Sconi Cobalt-Nickel-Scandium Project

Secured 100% ownership of Sconi Project, with no residual royalties or claw-back

100% ownership allows far greater flexibility in off-take and project financing negotiations

Demonstration-size Processing Plant

Commissioning of the processing plant to commence within the coming week

Delivery of cobalt sulphate, nickel sulphate and scandium oxide samples to potential off-take partners from February

Flemington Cobalt-Scandium-Nickel Project

Initial cobalt Mineral Resource re-affirms Flemington and adjoining Sunrise Project are two parts of the same deposit

Resource expansion drilling program proposed, incorporating multiple drill rigs ahead of Pre-Feasibility Study

Thackaringa Cobalt Project

Prospective sulphide (+/- cobalt) bearing geology indicated by helicopter-borne geophysical survey

Commenced detailed geochemical sampling across the project area, with detailed coverage over geophysical targets



Managing Director, Benjamin Bell commented, *“The December quarter was a transformation period for Australian Mines corporately, with the Company strengthening its balance sheet and gaining market recognition for the quality of its technology metals portfolio and success of its project development activities to date.”*

“Australian Mines market capitalisation in the reporting period almost doubled from \$173 million at the beginning of October to \$321 million at the end of calendar year 2017. This growth reflected the significant investor interest in the technology metals sector, best demonstrated by the success of our oversubscribed capital raising in November, where we were able to secure \$20 million from international and Australian investors.

“We initially went out to raise \$10 million that would have taken us through feasibility studies effectively to a final investment decision on Sconi mid-2018, but there was such interest we decided to secure \$20 million. This funding will now take us all the way through to the end of 2018 and allows us to accelerate unplanned activities like additional processing through our demonstration-size processing plant nearing completion during the first quarter in Perth.

“Critical path components, including the autoclave, were delivered and installed over the Christmas period and final commissioning was on schedule to be completed within the coming week, which is expected to allow us to deliver the first commercial grade samples of cobalt sulphate, nickel sulphate and scandium oxide to our potential off-take customers in February, which will be a major catalyst for moving towards binding offtake agreements.

“Our roadshow activities in the December quarter were highly successful in targeting investors in major international markets, no doubt helping to underpin our positive share price performance at the end of 2017, as well as progressing off-take and project financing negotiations with potential partners in Asia and Europe. Australian Mines has a full program of corporate activities planned for 2018 and I have recommenced road-showing and promotional activities as of the end of January.

“At a project level, we are on track to conclude our Bankable Feasibility Study on the Sconi Cobalt-Nickel-Scandium Project ahead of final investment decision on that project in mid-2018, while at our Flemington Cobalt-Scandium-Nickel Project our initial focus in the New Year will be on a significant extension drill program to define a large, economic resource at that project prior to moving into a Pre-Feasibility and Ore Reserve study.

“In addition to our strategy of becoming a globally significant supplier of key battery ingredients from near term production at Sconi and medium-term production from Flemington, Australian Mines will advance options under consideration in 2018 to unlock the value of its non-cobalt-nickel-scandium assets through a possible spin-out of these assets into a Western Australian-focused, listed exploration company.”

Sconi Cobalt-Nickel-Scandium Project

Following successful fundraising activities in the December quarter, Australian Mines' Sconi Cobalt-Nickel-Scandium Project in northern Queensland is now fully-funded through to completion of the current Bankable Feasibility Study (BFS)¹ and the final investment decision phase to follow immediately after, pending a positive conclusion to the study.

The Company has successfully concluded the acquisition of 100% ownership² of the Sconi Project during this reporting period.

This has enabled Australian Mines to progress its advanced off-take and project financing negotiations on Australia's most advanced cobalt-nickel-scandium project on a more flexible, wholly-owned basis likely to result in more favourable overall commercial outcomes for Australian Mines' shareholders.



Figure 1: The cobalt-nickel-scandium ore body at Australian Mines' 100%-owned Sconi project is highly friable, making mining and crushing / processing relatively simple.

¹ Under Section 40 of the JORC Code 2012 Edition, terms such as "Bankable Feasibility Study", "Definitive Feasibility Study" and "Feasibility Study" all mean the same thing and are, therefore, interchangeable.

² Australian Mines Limited, AUZ becomes 100% owner of Sconi Project, released 8 December 2017

The focus of Australian Mines' work program at the Sconi Project for the March quarter remains on delivering the Bankable Feasibility Study (BFS) such that a final investment decision can be made in mid-2018.

As part of this work program, the BFS continues to reinforce the Company's modelling of the average feed grade at Sconi being 0.11% cobalt and 0.81% nickel for at least the first 20 years of production³.

Australian Mines also expects to make significant progress on its analysis of the total capital expenditure required to build the proposed open pit mine and full-scale processing facility at Sconi as well as forecast operating costs for the life of mine in the March quarter, allowing the Company to transition its current project financing discussions to the next level of certainty as close as possible to a final investment decision on the project.

This work is being assisted by London-based natural resources advisory firm, Medea Natural Resources Limited⁴, who specialise in providing corporate and strategic advice to companies like Australian Mines who are developing projects, with a particular emphasis on feasibility study financing, project financing and offtake negotiations.

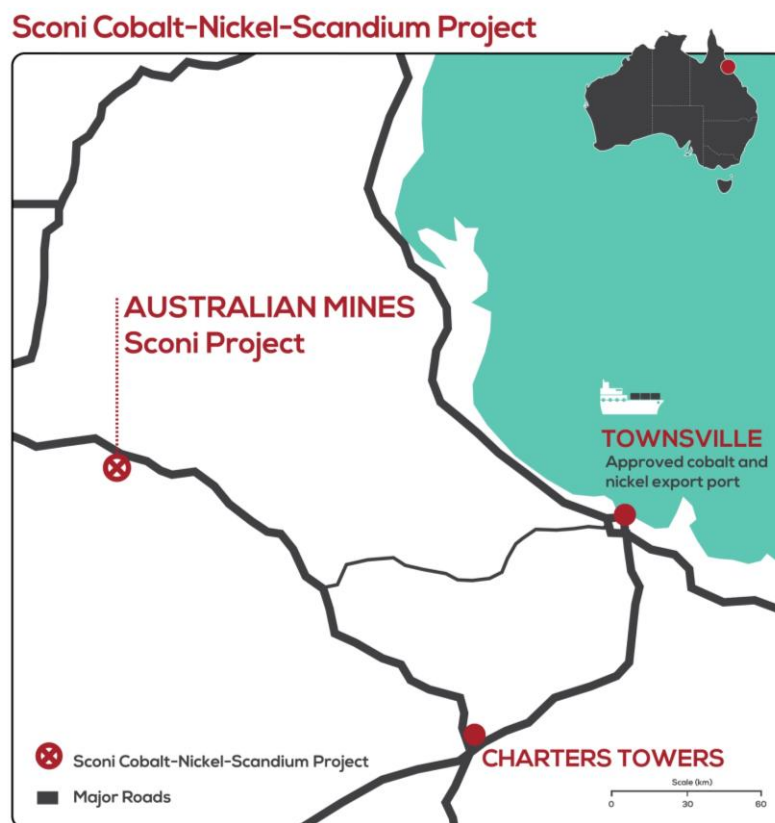


Figure 2: The Sconi Project is located in North Queensland, approximately 250 kilometres on sealed roads from an existing export port at the regional centre of Townsville.

³ Australian Mines Limited, Technical Reports, released 31 March 2017

⁴ Further information on Medea Natural Resources Limited can be found at: www.medea-nr.com

With all required mining and environmental approvals already in place, and a base case mine life in excess of 20 years⁵, Australian Mines is looking to build its engagement within the long-established mining district surrounding the Sconi Project to facilitate access to the skilled workforce and established infrastructure on its doorstep. This is in keeping with Australian Mines policy of sourcing contractors and staff from the local community wherever possible.

With the staged granting of the exploration licences surrounding the Sconi Mining Leases currently underway⁶, the Company has accelerated its regional exploration program at Sconi with the view of increasing the project's Mineral Resource beyond its 20+ year mine life⁷.

In addition to the geology team undertaking detailed mapping of the outcropping and sub-cropping cobalt-nickel mineralisation, Australian Mines' exploration group is preparing to expand the mineralisation footprint of the current ore bodies, which currently remain open along strike, via a moderately-spaced air core drill program.

The design of this resource drill program will seek to increase the project's current Measured and Indicated Mineral Resource such that any increase in this Resource can potentially be converted into an Ore Reserve at a later date.

Company	Mining Lease Granted	Environmental Approval	Mine Study Completed	Av. Cobalt Feed Grade	20+ year Mine Life
Australian Mines Sconi Project	✓	✓	✓	0.11%	✓
Metals X Wingellina Project	X	✓	✓	0.08%	✓
Clean TeQ Holdings Syerston Project	X	✓	✓	0.14%	✓
GME Resources NiWest Project	✓	✓	X	--	X
Ardea Resources Kalgoorlie Nickel Project	✓	X	✓	0.07%	✓
Cassini Resources West Musgrave Project	✓	X	X	--	X
Cobalt Blue Holdings Thackaringa Project	✓	X	X	--	--
Hammer Metals Millenium Project	✓	X	X	--	--
Barra Resources Mt Thirsty Project	X	X	X	--	--
Aeon Metals Walford Creek Project	X	X	X	--	X
Corazon Mining Mount Gilmore Project	X	X	X	--	--
Platina Resources Owendale Project	X	X	X	--	X

Table 1: Australian Mines finds itself uniquely positioned as the only Australian cobalt-nickel-scandium deposit able to go into immediate production⁸.

⁵ Australian Mines Limited, Technical Reports, released 31 March 2017

⁶ Australian Mines anticipates that all pending tenement applications at Sconi (held by Australian Mines' wholly owned subsidiary company of Sconi Mining Operations Pty Ltd), will be ready for granting by the Queensland State Government before the end of the March 2018 quarter

⁷ Australian Mines Limited, Technical reports, released 31 March 2017

⁸ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017

Demonstration-size Processing Plant

Australian Mines' senior management team and consultant Simulus Laboratories continued critical path work on the demonstration-size processing plant in Perth, Western Australia over the Christmas and New Year period, including the delivery and installation of the crucial autoclave⁹ component to allow substantive commissioning of the plant to be completed within the coming week.

The planned processing of ore previously delivered from trial mining at the Sconi Project remains on track to commence next month, facilitating the production of commercial grade cobalt sulphate, nickel sulphate and scandium oxide samples to be delivered to potential off-take partners on a priority basis in late February.

The Company's initial processing run of 30 tonnes of ore is expected to produce up to 1,000 kilograms of battery grade nickel sulphate, 120 kilograms of commercial grade cobalt sulphate and at least 10 kilograms of high-purity scandium oxide¹⁰.

With the current strength of Australian Mines' balance sheet, the Company plans to extend its ore processing campaign through the demonstration plant to fine-tune the larger scale engineering studies, which will ultimately benefit the project economics of both the Sconi and Flemington projects.

The additional ore processing campaign will also produce additional product to satisfy further requests for samples by battery and technology metal manufacturers as a result of Australian Mines' engagement activities during the December quarter.

Mine Study in Table 1 of this report means publically released Pre-Feasibility (PFS) or Bankable Feasibility Studies (BFS) as the JORC Code 2012 Edition (Sections 37 to 40) permit an Ore Reserve to be quoted in such studies.

Ore Reserve being the economically mineable part of a Mineral Resource (Section 29 of the JORC Code)

The JORC Code does not allow a Scoping Study to be used as a basis for estimating an Ore Reserve, as such a Scoping Study cannot be used to state that a Mineral Resource contains an economically mineable part.

Thus, for Table 1, the author has not assigned a feed grade against those project that have not reached at least PFS stage.

A **20+ year Mine Life** was adopted in Table 1 as most PFS and BFS reports only consider the first 20 years of an operation when calculating a project's economic viability. Thus, 20 years is the benchmark period for demonstrating that a project is capable of becoming a long-life mining operation.

Platina Resources' Owendale Project, whilst having been the subject of a PFS in 2017, is not assigned a cobalt feed grade by the author of Table 1 on the basis that Owendale PFS states that "Both nickel and cobalt have relatively minor economic impact on value of the PFS and in respect are not material to the results" (page 10 of Platina Resources' 10 July 2017 announcement). The author has stated that they will alter this table to include an average cobalt feed for Platina Resources once a PFS / BFS is released, which states that cobalt has been considered in the Owendale Project's economics.

⁹ Australian Mines Limited, Autoclave delivered – Off-take samples on track for February, released 15 January 2018

¹⁰ See Appendix 3 of this report for the estimated production achievable from the demonstration-scale processing plant. The current plant is a 1:2,500 scale of a commercial 2 million tonne per Pressure Acid Leach + Solvent extraction processing plant. The demonstration-scale plant in Welshpool is, therefore, at least 10 times larger than a typical pilot-scale processing plant and operates on a continuous basis (as opposed to a single batch process used by most pilot-scale plants).



Figure 3: The autoclave vessel was delivered and installed at Simulus Laboratories Welshpool facility in Perth over the Christmas and New Year period. The autoclave has the capacity to process 2,200 kilograms of cobalt-nickel-scandium ore per day, producing up to 67 kilograms of cobalt sulphate, 500 kilograms of nickel sulphate and 8 kilograms of scandium oxide per week (when run on a continuous basis).

Flemington Cobalt-Scandium-Nickel Project

The release of the maiden cobalt Mineral Resource at Australian Mines' Flemington Cobalt-Scandium-Nickel Project in central New South Wales in the December quarter re-affirmed Flemington as a direct continuation of Clean TeQ Holding's (CLQ: ASX) Sunrise ore body, separated as reported previously by only a tenement boundary¹¹.

The initial cobalt resource identified at the Flemington Project was based on a successful resource drilling program¹², the results of which were reported in August 2017, feeding into the calculation of the maiden cobalt Mineral Resource of 2.7 million tonnes at 0.101% (or 1,010 ppm) cobalt (see Table 2 below for details of the Flemington Mineral Resource)¹³.

¹¹ 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 – Sunrise deposit)

¹² Australian Mines Limited, Drilling doubles cobalt footprint, triples scandium footprint at Flemington, released 11 August 2017

¹³ The Mineral Resource Estimate for the Flemington Cobalt-Scandium-Nickel Project is reported under JORC 2012 Guidelines and was reported by Australian Mines Limited on 31 October 2017. The Mineral Resource for Flemington, as announced on 31 October 2017 is: Measured 2.5Mt @ 0.103% Co & 403ppm Sc, Indicated 0.2Mt @ 0.76% Co &

Following the resource drilling results, Australian Mines engaged SRK Consulting to specifically model the cobalt credentials of the Flemington Project (including cobalt grade, host geology and potential mineral resource tonnage). These characteristics were identified as being consistent with those of Clean TeQ's neighbouring Sunrise Project as well as identifying the high-grade cobalt mineralisation at Flemington¹⁴ to be consistent and predictable in nature.

The opportunity remains for Australian Mines to significantly increase the Mineral Resource inventory at the Flemington Project, with the current Mineral Resource area covering only 1% of the interpreted prospective host geology within the Flemington Project tenement package.

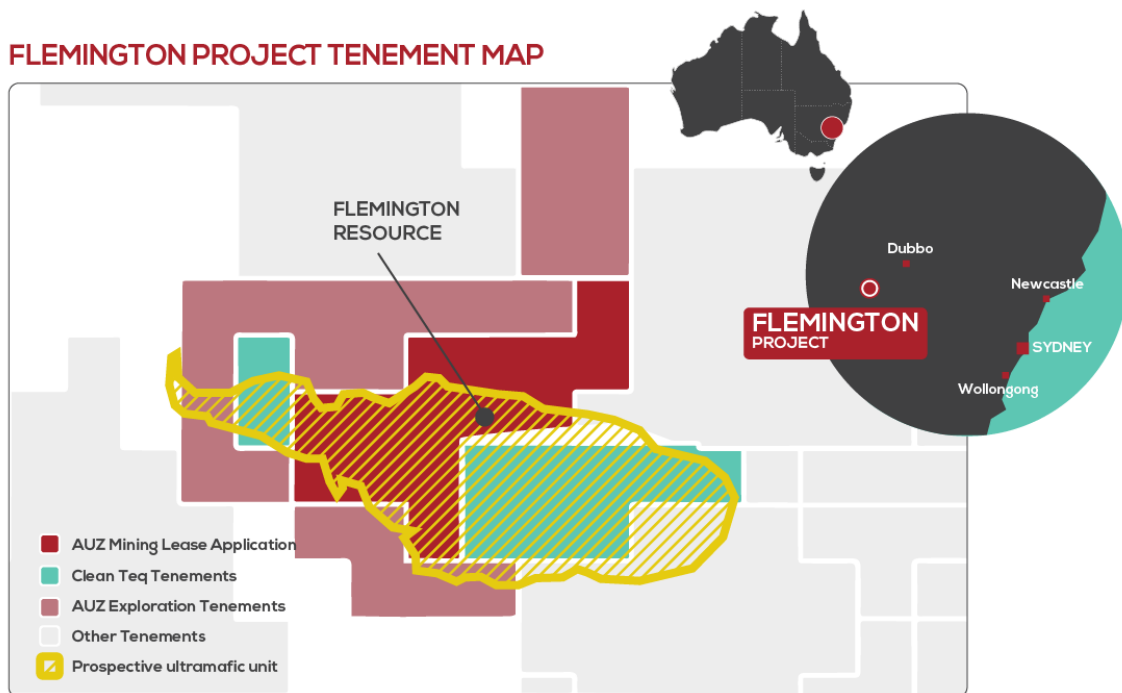


Figure 4: Australian Mines is proposing to use multiple drill rigs to comprehensive test the full extent of the prospective Tout Complex (outlined in yellow in this image) in the shortest practicable time.

408ppm Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines

¹⁴ 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



The Flemington Project complements Australian Mines' existing Sconi cobalt-nickel-scandium deposit in north Queensland, which has a current total Mineral Resource¹⁵ of 89 million tonnes with an expected average feed grade¹⁶ of 0.11% cobalt and 0.80% nickel.

The Company, therefore, plans to carry-out a significant resource expansion drilling program, incorporating multiple rigs, from the March quarter.

Australian Mines has also just commenced a regional field mapping and sampling campaign over the broader Flemington / Fifield district. Through this program, the Company will be in a stronger position to prepare a JORC-compliant *Exploration Target*¹⁷ for the Flemington Cobalt-Scandium-Nickel Project.

Such a statement / target may provide guidance to Shareholders on the potential size (both grade and tonnage¹⁸) of the Mineral Resource that Australian Mines may expect to achieve at Flemington.

With exploration activity at Flemington ramping-up from the first quarter of 2018, ahead of the commencement of a Pre-Feasibility Study on the project in the second half on the year, Australian Mines is presently expanding its exploration team in New South Wales including the recruitment of an Exploration Manager.

Australian Mines is also in the process of establishing a regional office in the nearby town of Parkes to support its field operations and to provide a convenient contact point for the local community. The manager of this regional office has recently been appointed, and the Company will provide further details once the Parkes office is officially opened later this quarter.

¹⁵ 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

¹⁶ The expected average feed grade at the Sconi Project to be 0.11% cobalt and 0.81% nickel for at least the first 20 years of the operation as per Australian Mines' announcement titled *Technical reports*, released via the ASX platform on 31 March 2017.

There are different methods for estimating an overall mineral resource grade and an expected feed grade. When estimating the size of a mineral resource, a deposit is considered to be a single ore body zone. For the Sconi Project, the Mineral Resource estimate was calculated based on the Sconi deposit as a whole. The deposit contains both nickel and cobalt, each in varying grade levels. Some areas of the deposit contain high-grade cobalt and some areas contain low-grade cobalt. The same applies for nickel. In practice however, a deposit is not mined as if it is a single ore body. While lower grade ore is stockpiled, it is the higher-grade ore material that is targeted, mined, treated and processed. When high-grade ore is processed, the material fed into the plant is of a higher grade than the estimated overall mineral resource grade, which includes the lower grade ore. As a result, the expected feed grade is a higher percentage than the overall Mineral Resource grade.

The Sconi Project contains two zones of high-grade cobalt which will be targeted and mined. While the mineral resource estimate for the Sconi Project is 0.06% cobalt, these higher-grade zones contain average feed grade of 0.11% cobalt (and 0.81% nickel).

¹⁷ Section 17 of the JORC Code, 2012 Edition deals with *Exploration Targets* from an ASX-listed company perspective http://www.jorc.org/docs/jorc_code2012.pdf

¹⁸ *Exploration Targets*, as described under the JORC Code (2012 Edition) are quoted as a range of tonnes and a range of grades, rather than an absolute figure.

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

Table 2: Initial Cobalt Mineral Resource for the Flemington Project, located 370 kilometres west of Sydney, New South Wales.

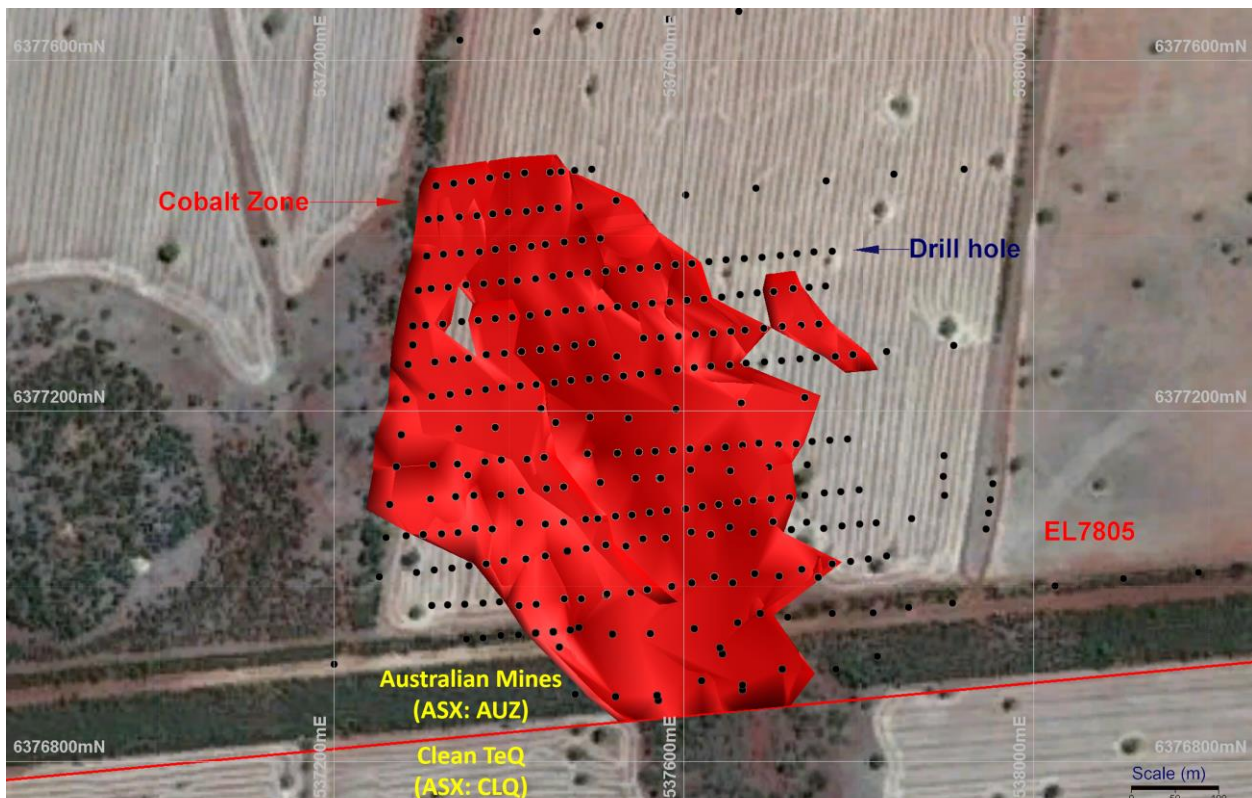


Figure 5: Schematic block model of the cobalt mineralisation (shown in red) at Flemington based on the maiden Mineral Resource for this project. This model indicates that the cobalt mineralisation at Flemington remains open to the west, north and northeast, and potentially also to the east. This model also clearly shows that the cobalt mineralisation at Flemington continues south into Clean TeQ's Sunrise project area, which serves as further evidence that the Flemington and Sunrise deposits are one and the same.



Figure 6: Resource drilling activities being carried out at Australian Mines' Flemington Cobalt-Scandium-Nickel Project in New South Wales during the December quarter.

Thackaringa Cobalt Project

The Australian Mines' 100%-owned Thackaringa Cobalt Project immediately adjoins Cobalt Blue's (COB: ASX) Pyrite Hill / Railway / Thackaringa Cobalt Project in a highly prospective region near Broken Hill in New South Wales.

In the December quarter, Australian Mines completed a high-resolution airborne electromagnetic survey (AEM) and magnetic geophysical survey¹⁹ over its entire Thackaringa project area. The principal objective of the helicopter-borne survey was to map the iron sulphide-bearing geology, known to host the region's cobalt mineralisation.

Modelling and interpretation of the AEM data was undertaken by a leading geophysical consulting firm, with their subsequent report identifying 18 anomalies that they concluded warranted follow-up exploration.

Of these 18 anomalies, just over half of them were categorised as conductors that may relate to the prospective sulphide (+/- cobalt) bearing geology.

¹⁹ Australian Mines Limited, Exploration commenced at Thackaringa Cobalt Project, released 29 September 2017



In line with the recommendations of the geophysicist's report, Australian Mines has since commenced a surface sampling program over the Thackaringa project, including detailed geochemical sampling across the 18 identified geophysical anomalies.

This program is anticipated to be completed by April, with the results expected to be received during the latter part of the June quarter at which time the Company will seek to commence drill testing the resulting coincident geophysical + geochemical anomalies.

Full details of this drill program, including the strike extent / magnitude of the intended cobalt targets will be released prior to the commencement of drilling.

In addition to confirming the project's impressive cobalt potential, the recently completed AEM survey also identified a conductive body (notionally called *BR_02_CC*), which appears to have the geophysical characteristics of base metal (copper-silver-gold-lead-zinc) mineralisation²⁰.

To ascertain whether conductor *BR_02_CC* may be the next "Mallee Bull"²¹, Australian Mines has since commissioned a ground-based fixed loop electromagnetic survey (FLEM) over this conductive body.

The results of the FLEM survey, which are anticipated to be received by the Company in April 2018, will enable Australian Mines' exploration team to accurately target the centre of this anomaly during its proposed follow-up drill and downhole electromagnetic (DHEM) program.

²⁰ Thackaringa target *BR_02_CC* (being BR=Barrier Range; 02= anomaly 02; CC = confined conductor) is at a very early stage of exploration. As noted by the geophysical consultant that completed the modelling and interpretation of this anomaly, an anomaly with the characteristics observed in *BR_02_cc* is normally associated with massive sulphides. Further field work is required to confirm whether this anomaly represents the geophysical signature of a base metal deposit at Australian Mines' Thackaringa Project.

²¹ The Mallee Bull copper (+ gold + silver + lead + zinc) deposit, located near Cobar in New South Wales, was discovered by Peel Exploration (PEL: ASX) in 2011 when their exploration team drill tested a confined conductor detected during the airborne electromagnetic survey (by the same contractor and system that undertook Australian Mines' Thackaringa AEM survey). See www.peelmining.com.au/upload/PEX_IP_1111.pdf for summary of Mallee Bull.

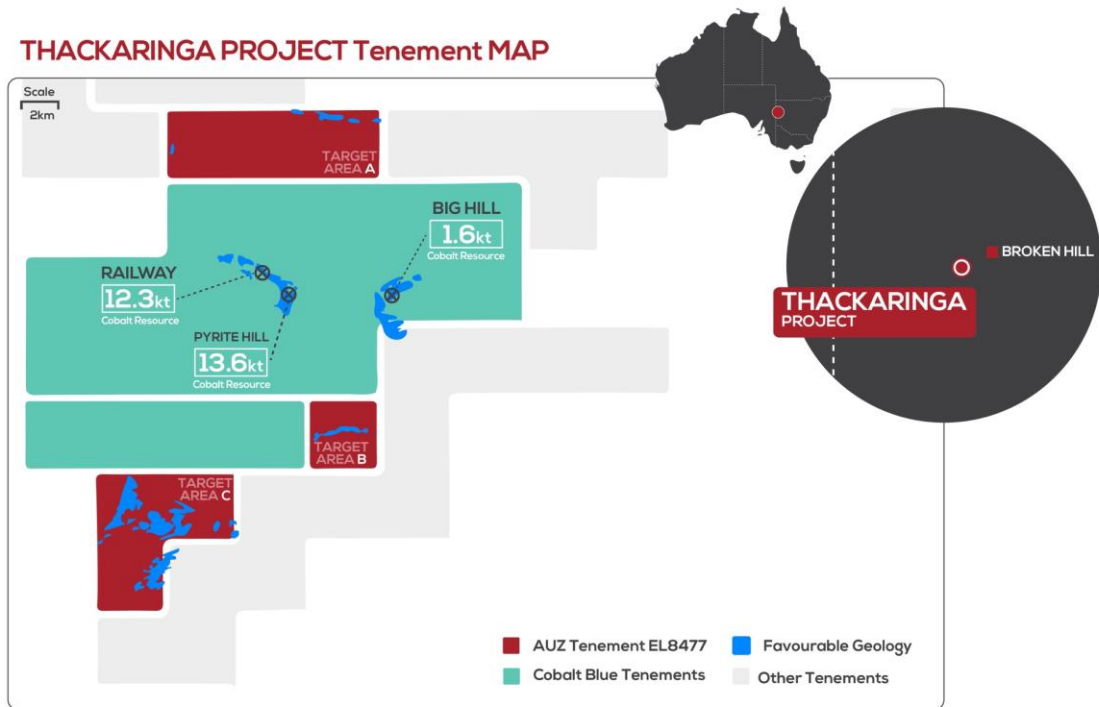


Figure 7: Australian Mines' Thackaringa Cobalt Project offers shareholders significant exploration upside and complements Australian Mines' world-class cobalt-nickel-scandium portfolio at Sconi and Flemington



Figure 8: Photograph of the typical landscape at Australian Mines' Thackaringa Project

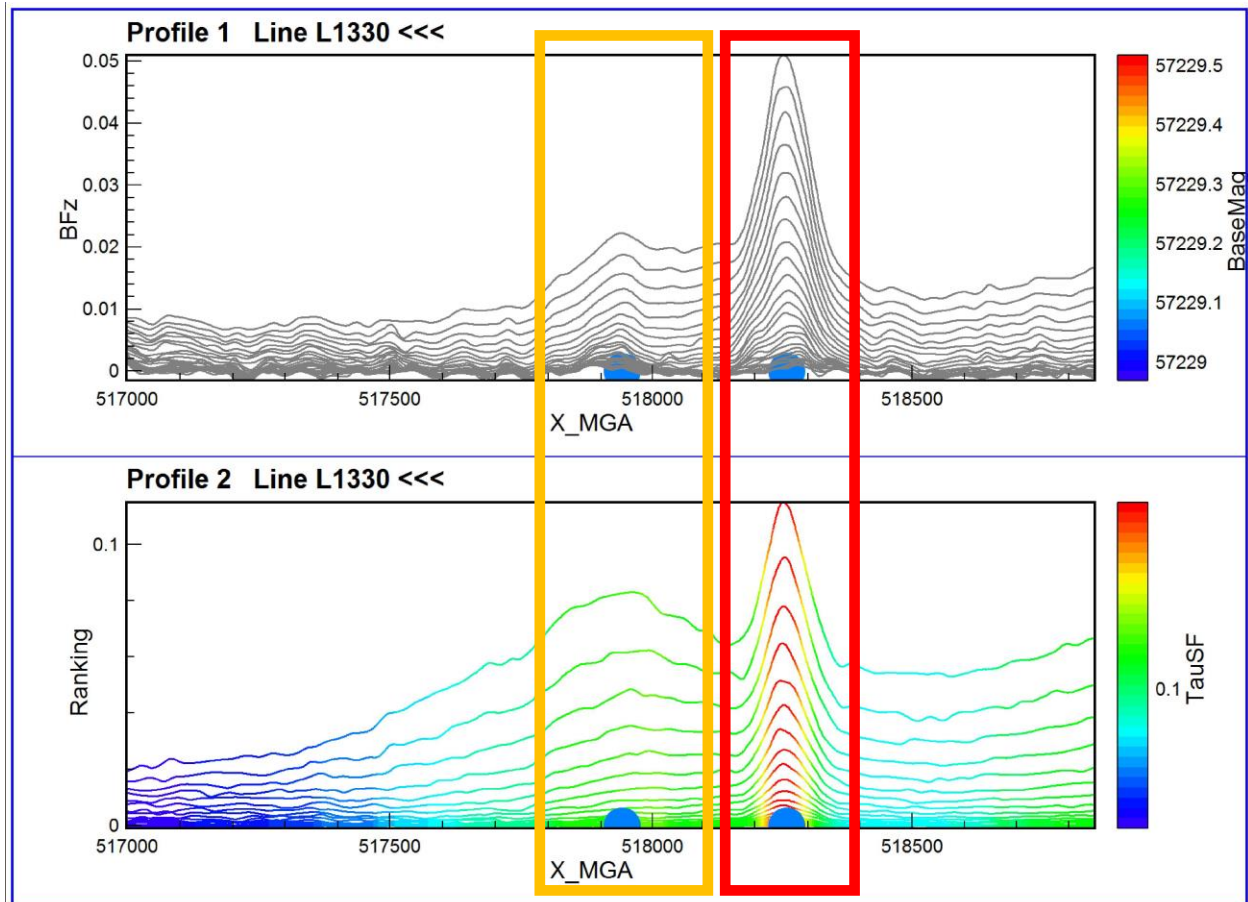


Figure 9: Profile response of target *BR_02_CC* (outlined in red) shows a clear strong response in the airborne geophysical data. The much broader and lower amplitude anomaly to the west (outlined in orange) could be a larger and deep conductor. Australian Mines has commissioned a ground-based fixed loop electromagnetic survey over both these conductive bodies, with the survey anticipated to commence in the coming weeks.

Proposed Portfolio Consolidation

Shareholders in Australian Mines who invested in the Company prior to its strategic repositioning as a technology minerals project developer in October 2016²², will be aware that the Company still has a diverse portfolio of exploration projects in Western Australia, which are no longer core to Australian Mines' plans to become a globally significant supplier of battery ingredient metals to the emerging automotive and energy storage markets.

These existing projects include the Marymia Gold and Copper Project, and the Arunta West Copper-Gold Project.

Australian Mines enjoyed early success with its gold exploration program at the Marymia Project and has drill ready targets identified at the Arunta West Project.

Following the Company's change in corporate strategy, Australian Mines has been investigating options to realise further value from these non-core assets for existing Shareholders.

A favoured option being investigated is the spin-off of these assets into a dedicated Western Australian-focused gold and copper exploration company, with the Board considering combining the Marymia and Arunta West projects with the existing assets of Norwest Gold Pty Ltd, a currently private, wholly owned subsidiary of Australian Mines Limited.

The current plan under consideration would include Australian Mines combining the identified Western Australian assets with the existing project holdings of Norwest Gold and listing the entity on the ASX in the first half of 2018. If this were to occur, it is the intention of the Company to do an In-specie Distribution of the proposed listed entity securities back to Australian Mines shareholders.

In simple terms, if the spin-out and proposed listing goes ahead, Australian Mines shareholders would receive shares in the newly-listed company, that are able to be traded from day one of the securities being listed on the ASX, effectively handing the true market value of the Marymia and Arunta West assets back to Australian Mines shareholders.

Further details of the proposed spin out will be made available later in the March quarter.

Shareholders should also note that the inclusion of the Marymia and Arunta West projects in the Norwest Gold spin-out would be subject to consent from Australian Mines joint venture partners, Riedel Resources (RIE: ASX) and Jervois Mining (JRV: ASX) respectively.

In addition to Australian Mines assets, the proposed listing would incorporate Norwest Gold's existing tenement portfolio, including the Warriadar Gold Project and Ashburton Copper Project, both of which are located in Western Australia.

²² Australian Mines Limited, AUZ positions to become world's largest scandium company, released 10 October 2016



Corporate Activity

Capital Raising

Supported by a fundamental global shift towards a low-emissions future underpinned by reliable supply of the key battery metals including cobalt and nickel, Australian Mines attracted significant interest from some of the world's largest investment houses during the December quarter when it completed an oversubscribed share placement to raise \$20 million.

The response from these funds was overwhelming, with the Company receiving applications for almost \$40 million for what was intended to be a \$10 million placement. After consultation between the Australian Mines' Board and the incoming investors, the Company accepted applications for \$20 million, comprising 235,294,118 fully-paid ordinary shares at an issue price of \$0.085 per share (representing a premium of 21.3% to the 10-day VWAP)²³.

This placement ensures Australian Mines is fully-funded to complete the Bankable Feasibility Study on the Sconi Project, increase its trial mining activities, scale-up ore processing through its demonstration plant and production of commercial-grade product samples for potential off-take partners.

At the Flemington Project, Australian Mines intends to utilise part of the funds raised to extend and increase the mineral endowment through a series of drilling campaigns. The Company is also planning to commence a Pre-Feasibility Study on Flemington during the latter half of 2018.

Board & Recruitment Update

During the reporting period, Australian Mines Non-Executive Director Neil Warburton announced his retirement from the Board effective 31 December 2017, as a result of the increasing demands of his other business commitments.

The Company commenced an executive search and recruitment process to fill the Board vacancy and simultaneously bolster its executive management team, as the Company accelerates development activities on its portfolio of projects.

Australian Mines also appointed Oliver Carton as Company Secretary in the December quarter, in recognition of the increased commercial activity planned for 2018, as the Company advances off-take and project finance negotiations.

*****ENDS*****

²³ Argonaut and London-based Arlington Group Asset Management acted as joint lead managers for the placement. This placement was undertaken in accordance with Section 708 of the Corporations Act and Listing Rule 7.1 and 7.1A of the ASX Listing. (A total of 87,610,596 shares were issued under Listing Rule 7.1 and 147,683,522 shares were issued under Listing Rule 7.1A).

For further information:

Shareholders contact:

Benjamin Bell
Managing Director
Ph: +61 46 777 00 16
E: bbell@australianmines.com.au

Media contact:

Michael Cairnduff
Cannings Purple
Ph: +61 406 775 241
E: mcairnduff@canningspurple.com.au





Competent Persons' Statements

Sconi Cobalt-Nickel-Scandium Project

The Mineral Resource for the Sconi Cobalt-Nickel-Scandium Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 31 March 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines.

Flemington Cobalt-Scandium-Nickel Project

The Mineral Resource for the Flemington Cobalt-Scandium-Nickel Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Information in this report that relates to Flemington Cobalt-Scandium-Nickel Project's Exploration Results is based on information compiled by Mr. Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Elias is a director of Australian Mines Limited. Mr. Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Thackaringa Cobalt Project

The information in this report that relates to the Thackaringa Cobalt Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Elias is a director of Australian Mines Limited. Mr. Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Marymia Gold and Copper Project

Information in this report that relates to Marymia Gold and Copper Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Arunta West Copper-Gold Project

Information in this report that relates to Arunta West Copper-Gold Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Warriedar Gold Project

Information in this report that relates to Warriedar Gold Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited, and Director of Norwest Gold Pty Ltd. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ashburton Copper Project

Information in this report that relates to Ashburton Copper Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists, and Director of Norwest Gold Pty Ltd. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Marriotts Nickel Project

The information in this report that relates to the Marriotts Nickel Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Elias is a director of Australian Mines Limited. Mr. Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1: Western Australian Gold and Base Metal Projects

Marymia Gold and Copper Project

The Marymia Gold and Copper Project, located 900 kilometres north of Perth and within 50 kilometres of Superior Gold's (SGI: TSX-V) Plutonic Gold Mine, is being explored under a joint venture agreement with Riedel Resources (RIE: ASX)²⁴.

Early this month, the Company commenced a detailed soil sampling program over two identified copper targets within the Marymia Project, both of which are coincident with the Jenkin Fault in the north of the project area. This surface sampling program is anticipated to be completed by March 2018, with final results available during the next quarter.

Australian Mines has also commissioned surveyors to 'pick up' the location of the previous drill collars at the Company's Dixon Gold Prospect in order to facilitate a future JORC-compliant Mineral Resource being estimated for this mineralisation.

Modelling of the gold mineralisation intersected by drilling to date suggests that the 6-kilometre-long fractionated dolerite geology unit that forms the Company's Dixon prospect may be prospective for Lake Roe (Breaker Resources; BRB: ASX) style gold system²⁵.

Further exploration of the Dixon prospect is therefore warranted and Australian Mines is proposing to commence a targeted drilling program designed to expand the mineralisation footprint from March 2018.

²⁴ Having previously secured a 51% ownership of the Marymia Project, Australian Mines remains on track to satisfy its exploration spending obligations to earn an 80% interest in the project during the June quarter. Once the Company has secured its 80% interest, joint venture partner Riedel Resource will be required to contribute financially to the costs of holding, exploring or developing the Marymia Project in line with its 20% interest in the project. Should Riedel Resources choose not to contribute (for whatever reason), its interest in the project will decrease accordingly and if that interest falls below 10% it will automatically convert into a 1.5% net smelter royalty, with Australian Mines assuming 100% ownership of the Project.

²⁵ Australian Mines Limited, Quarterly Activities Report for the period ended 30 June 2016, released 25 July 2016



Figure 10: Aerial view of the Marymia Gold and Copper Project. Australian Mines has recently commenced a detailed soil sampling program over two copper targets that appear to be located along the regionally-significant Jenkin Fault. The Jenkin Fault is a major basin boundary structure that acts as the possible focus for copper (+/- gold) rich mineralising fluids, including Sandfire Resources' DeGrussa copper-gold ore body.

Arunta West Copper-Gold Project

The Arunta West Copper-Gold Project²⁶, located 600 kilometres west of Alice Springs in Western Australia (near the Northern Territory border), possesses the apparent continuation of the geological sequence hosting Independence Group's (IGO: ASX) Lake Mackay Project.

During the reporting period, Australian Mines completed a detailed gravity survey over the prospective North Dovers base metal target, first identified by BHP Billiton in the 1990s, but which has never been drill tested.

According to Southern Geoscience Consultants (SGC), modelling of the data acquired via the recently completed gravity survey indicates that the geophysical signature of Australian Mines' North Dovers target is similar to that of the Gawler Craton iron-oxide copper-gold (IOCG) mineralisation²⁷, with the interpreted depth to source being approximately 400 metres below surface.

Follow-up exploration will likely involve a 4-hole (2,500 metre) reverse circulation (RC) and diamond core drill program to test the North Dovers anomaly and verify the modelling to date.

Independence Group (in joint venture with ABM Resources; ABU: ASX) announced some significant gold and base metal intersections in September last year²⁸ from a 6-hole diamond drilling program targeting the Grapple Prospect within the joint venture's Lake Mackay Project.

The Independence Group / ABM Resources joint venture's program intersected sulphide mineralisation in all six holes and increased the identified plunge extent of the mineralisation to 800 metres, which remains open to the west.

Better results from the IGO / ABM drilling program along strike of Australian Mines' North Dover (Arunta West JV) target were²⁹:

- 11.4 metres at 7.9 grams per tonne gold, 20.7 grams per tonne silver, 0.8% copper, 1.1% zinc, 0.5% lead and 0.1% cobalt from 284.9 metres³⁰.

²⁶ The Arunta West Copper-Gold Project is a joint venture between Australian Mines and Jervois Mining (JRV: ASX), which takes in three tenements covering 345 square kilometres in the proven Lake Mackay district of Western Australia. Under the joint venture agreement, Australian Mines can earn up to an 80% interest in these tenements.

See Appendix 1 of this report for full details of the terms of the AUZ - JRV Arunta West joint venture. Australian Mines separately holds a 100% interest in two tenements adjoining the Arunta West JV area, covering an additional 1,100 square kilometres.

All tenements are granted with Land Access Agreements in place to enable on-ground exploration by Australian Mines across the Arunta West project area.

²⁷ Olympic Dam, owned by BHP Billiton, is a Gawler Craton iron-oxide copper-gold (IOCG) ore body.

²⁸ ABM Resources Limited, Lake Mackay JV – Grapple prospect drilling update, released 18 September 2017.

²⁹ Shareholders should note that whilst the geophysical signature of the Company's North Dovers prospect appears similar to that of Olympic Dam, and that gold + base metal mineralisation has been intersected along strike of the North Dovers target by the Independence Group / ABM Resources joint venture, there is no guarantee that Australian Mines' exploration program at North Dovers (Arunta West) will result in the discovery of a Gawler Craton style iron-oxide copper-gold (IOCG) ore body.

³⁰ ABM Resources Limited, AGM Presentation, released 29 November 2017.

Warriedar Gold Project

The Warriedar Gold Project, 125 kilometres southwest of Mount Magnet in Western Australia, represents a near-term production opportunity for Australian Mines' wholly-owned subsidiary Norwest Gold, benefiting from historic gold production and significant exploration upside across the Project's tenement package.

Within the project area, the previously operated Reids Ridge Gold Mine produced at an average head grade of 16 grams per tonne gold³¹ from structurally-controlled, high-grade mineralisation similar in nature to Doray Minerals' (DRM: ASX) Andy Well deposit near Meekatharra.

In addition to the opportunity to potentially drill out an economic Mineral Resource to re-start gold production from Reids Ridge, the Warriedar Project has five identified drill-ready prospects, where visual gold has recently been found in rockchip samples³².

The Warriedar Gold Project includes a granted Mining Lease and the identified gold prospects are proximal to existing production infrastructure, including third-party processing options at nearby Minjar, Mt Magnet and Gullewa.



Figure 11: Reids Ridge Gold Mine recently acquired by Australian Mines' subsidiary, Norwest Gold. Historic mining operation at Reids Ridge, situated within the Company's 100%-owned Warriedar Gold Project produced at an average head grade of 16 grams of gold per tonne of ore extracted.

³¹ Apex Minerals Pty Ltd, Company overview presentation dated March 2016, which had been prepared under the supervision of Mr Shane Tomlinson, a then-Director of Apex Minerals and a Member of the Australian Institute of Geoscientists (AIG). Mr Tomlinson has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code).

³² Apex Minerals Pty Ltd, Company overview presentation dated March 2016

Ashburton Copper Project

The Ashburton Copper Project, located 75 kilometres west of Paraburdoo in Western Australia, is the home to a number of small-scale, historic copper mines / workings.

Recent exploration results from the project returned encouraging rock chip assays that included³³:

- 33% copper (sample BH159)
- 14% copper (sample BH160)
- 12% copper (sample BH156)

- 31% lead (sample BH122)
- 18% lead (sample BH124)
- 9% lead (sample BH125)

- 1.5% zinc (sample BH129)
- 1.4% zinc (sample BH128,
- 1.4% zinc (sample BH107)

- 746 grams per tonne silver (sample BH122)
- 259 grams per tonne silver (sample BH 159) and
- 188 grams per tonne silver (sample BH124)

Historic drill results from project area returned similarity positive results, including³⁴:

- 9 metres @ 2.14% Copper & 9.8 g/t silver (Drill hole CL4),

- 3 metres @ 3.75% Copper & 18.3 g/t silver from 5 metres downhole (Drill hole CL1A) and

- 6 metres @ 7.17% Copper & 27.3 g/t silver from 17 metres downhole (Drill hole CL1A).

Australian Mines is of the opinion that the Ashburton Project's mineralisation has similar structural controls and is hosted within a similar geological setting as Sandfire Resources (SFR: ASX) DeGrussa and Monty ore bodies.

The Company also believes the use of modern exploration techniques across the Ashburton project area, including the application of electromagnetic (EM) geophysics, may result in a significant base metal discovery being made within its Ashburton tenement given that none of the historic mines / workings, or interpreted extensions to the known mineralisation have reportedly been tested by anything other than surface sampling coupled with limited (shallow) drilling.

³³ Artemis Resources, 2013. Final Surrender Report for the period 6th October 2004 to the 4th November 2013. Bali Hi E08/1372. Annual report to the Department of Mines and Petroleum (A100405).

³⁴ Artemis Resources, 2013. Final Surrender Report for the period 6th October 2004 to the 4th November 2013. Bali Hi E08/1372. Annual report to the Department of Mines and Petroleum (A100405).

In December 2017, Australian Mines' wholly-owned subsidiary Norwest Gold, completed an exclusive option agreement with the TasEx Geological Services Pty Ltd to purchase the Ashburton Copper Project (tenement E08/2894), subject to certain conditions precedent.

Norwest Gold paid TasEx an option fee of \$10,000 (plus GST) to secure a 100% registered legal and beneficial interest in the Ashburton Copper Project. The option fee is non-refundable; however, Norwest Gold may withdraw from the option at any time.

If the option is exercised, Norwest Gold agrees to enter into a binding agreement for the sale and purchase of E08/2894 including making a one-off payment to TasEx of \$175,000 (plus GST) to acquire a 100% interest in the project. (Importantly, the sale and purchase agreement does not include any residual royalty or claw back arrangement).



Figure 12: An example of the secondary copper mineralisation present within the Ashburton Copper Project. It is anticipated that the initial exploration plans at Ashburton by Norwest Gold (Australian Mines wholly owned subsidiary company) would include carrying out an ground-based electromagnetic (EM) survey to detect any primary copper-lead-zinc-silver mineralisation and, in turn, to inform a follow-up reverse circulation (RC) drilling program and detailed downhole EM surveying thereafter.



Marriotts Nickel Project

Australian Mines commissioned a review of the Company's 100%-owned Marriotts Nickel Project in Western Australia during the December quarter, with mining consulting firm CSA Global Pty Ltd estimating a Mineral Resource for Marriotts of 662,000 tonnes at 1.3% nickel for 8,700 tonnes of contained nickel metal, all within the Inferred resource category.

The Company initiated this review of the Marriotts Project to ensure that its nickel sulphide resource, which is located within trucking distance of existing nickel processing plants in an established production region, is in-line with the requirements of the 2012 Edition of the JORC Code.

The Company believes potential remains to increase the Mineral Resource at Marriotts given the right economic environment. However, Australian Mines has no immediate plans to commence further exploration or development activities at this project given the Company's focus on the development of its technology metals portfolio in Australia's eastern states.

For further details on the CSA Global review and calculation of the Marriotts Nickel Project Mineral Resource Estimate, please refer to the detailed memorandum previously announced on the ASX³⁵ platform.

³⁵ Australian Mines Limited, Marriotts nickel resource reviewed in-line with 2012 Edition of JORC Code, announced 31 January 2018

Appendix 2: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100% (a)
Queensland	Sconi	ML10342	Granted	100% (a)
Queensland	Sconi	ML10324	Granted	100% (a)
Queensland	Sconi	ML 10332	Granted	100% (a)
Queensland	Sconi	ML 20549	Granted	100% (a)
Queensland	Sconi	ML 10368	Granted	100% (a)
Queensland	Sconi	MDL 515	Granted	100% (a)
Queensland	Sconi	MDL 387	Granted	100% (a)
Queensland	Sconi	EPM 25834	Granted	100% (a)
Queensland	Sconi	EPM 25865	Granted	100% (a)
Queensland	Sconi	EPM 25833	Granted	100% (a)
Queensland	Sconi	ML 10366	Granted	100% (a)
Queensland	Sconi	ML10342	Granted	100% (a)
Queensland	Sconi	EPM 26559	Pending	0%
Queensland	Sconi	EPM 26575	Pending	0%

Queensland	Sconi	EPM 26577	Pending	0%
Queensland	Sconi	EPM 26578	Pending	0%
Queensland	Sconi	EPM 26579	Pending	0%
New South Wales	Flemington	EL 7805	Granted	0% (b)
New South Wales	Flemington	EL 8546	Granted	0% (b)
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	MLA 538	Pending	0%
New South Wales	Flemington	ELA 5495	Pending	0%
New South Wales	Thackaringa	EL 8477	Granted	100% (c)
Western Australia	Arunta West	E80/5031	Granted	100%
Western Australia	Arunta West	E80/5032	Granted	100%
Western Australia	Arunta West	E80/4820	Granted	0% (d)
Western Australia	Arunta West	E80/4986	Granted	0% (d)
Western Australia	Arunta West	E80/4987	Granted	0% (d)
Western Australia	Doolgunna-Marymia	E52/2394	Granted	51% (e)
Western Australia	Doolgunna-Marymia	E52/2395	Granted	51% (e)
Western Australia	Warriedar	M59/0755	Granted	100% (f)
Western Australia	Warriedar	E59/1692	Granted	100% (f)
Western Australia	Warriedar	E59/1723	Granted	100% (f)

Western Australia	Warriedar	E59/1966	Granted	100% (f)
Western Australia	Warriedar	P59/2070	Granted	100% (f)
Western Australia	Warriedar	E50/1692	Granted	100% (f)
Western Australia	Warriedar	E59/2080	Granted	100% (f)
Western Australia	Warriedar	E59/2103	Granted	100% (f)
Western Australia	Warriedar	E59/2104	Granted	100% (f)
Western Australia	Warriedar	P59/2060	Granted	100% (f)
Western Australia	Ashburton	E08/2894	Granted	0% (g)
Western Australia	Marriotts	M37/096	Granted	100%

(a) Sconi Cobalt-Nickel-Scandium Project

The acquisition of 100% of the Sconi Cobalt-Nickel-Scandium Project was announced on 6 September 2017, superseding the previous farm-in agreement with Metallica Minerals Limited (ASX: MLM) announced to the market on 10 October 2016, whereby Australian Mines was to acquire up to a 75% interest in this advanced project.

Consideration for the 100% acquisition of Sconi in the sale and purchase agreement includes:

- a one-off cash payment (since paid to Metallica Minerals during the December quarter),
- the issue of \$1.5 million of Australian Mines shares upon the earlier of completion of the Bankable Feasibility Study or 30 June 2018 (whichever occurs first), and
- a final issue of \$5 million of Australian Mines shares (or cash) to Metallica upon commercial production from Sconi (being production from the full-scale processing operation outlined in the Bankable Feasibility Study).

Importantly for Australian Mines shareholders, the agreement does not include any residual royalty, claw back arrangement or any other commercial payments outside of the consideration outlined above.



(b) Flemington Cobalt-Scandium-Nickel Project

Australian Mines announced on 10 October 2016 that the Company had entered into an Option Agreement with Jervois Mining Limited (JRV: ASX) to acquire 100% of the Flemington Cobalt-Scandium-Nickel Project near Fifield in New South Wales.

The Flemington Project comprises the granted tenements EL7805 and EL8546 (previously pending exploration tenement ELA5370, which was subsequently granted by the New South Wales Department of Trade and Investment, Resources and Energy Division on 30 March 2017).

Under the terms of this Agreement, Australian Mines has been granted a series of options to enable the Company to purchase 100% of the Flemington Scandium-Cobalt Project:

- Option 1: a non-refundable fee which Australian Mines paid upon execution of the Agreement for the option period to 7 January 2017;
- Option 2: a non-refundable fee which Australian Mines paid in December 2016 for the option period to 7 April 2017;
- Option 3: a non-refundable fee which Australian Mines paid in April 2017 for the option period to 3 October 2017;
- Option 4: 3: a non-refundable fee which Australian Mines paid in September 2017 for the option period to 6 March 2018; and
- Option 5: a non-refundable \$500,000 fee payable by Australian Mines upon expiry of Option 4 (being 6 March 2018) for a further 6 months.

Australian Mines intends to proceed with the Option 5 payment and on 25 January 2018, the Company notified Jervois Mining accordingly. Australian Mines intends to make the Option 5 payment during February 2018, once it has received the appropriate invoice from Jervois Mining.

The total purchase price of the Flemington Cobalt-Scandium-Nickel Project will be \$6 million, which includes the total of all option fees paid. The Agreement with Jervois Mining also includes a 1.5% gross sales royalty on all proceeds from the sale of products derived from the Flemington assets. Australian Mines has the right to withdraw from this acquisition at any time.

Australian Mines is the operator and manager of the Flemington Project.

Australian Mines submitted a tenement renewal application to the New South Wales Government's Department of Planning and Environment for exploration licence 7805 during September. Whilst this renewal is currently pending, the Company has received written advice from the Department that this tenement will be renewed for a further 3 years by which time it is anticipated that Australian Mines' Mining Lease Application 538 (which covers 100% of exploration licence 7805) would be granted.



(c) Thackaringa Cobalt Project

Australian Mines submitted a tenement renewal application to the New South Wales Government's Department of Planning and Environment for its 100%-owned exploration licence 8477 during the September 2017 quarter. Whilst this renewal is currently pending, the Company is confident that this tenement will be renewed for a further 3 years given that the Company met its expenditure commitments for this tenement and kept it in good standing with the Department of Planning and Environment throughout its first term.

(d) Arunta West Copper- Gold Project

Under the Arunta West joint venture agreement, Australian Mines has the right to farm into Jervois Mining's (ASX: JRV) three exploration licences of E80/4820 (granted), E80/4896 (granted) and E80/4897 (granted), which cover a total area of approximately 345 square kilometres.

The key terms of this agreement include:

- Australian Mines must spend a minimum of \$350,000 on exploration by 23 May 2018 to acquire a 51% interest in the Arunta West Project.
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% (taking the total to 80%) in the Arunta West Project by spending a further \$3.15 million on exploration within a further 24 month period.

The Company remains on track to satisfy its exploration spending obligations and earn its initial 51% interest in these tenements by May 2018. Australian Mines is the operator and manager of the Arunta West Project.

(e) Marymia Gold and Copper Project

Australian Mines currently holds a 51% interest in the Australian Mines – Riedel Resources (RIE: ASX) joint venture tenements of E52/2394 & E52/2395, with Australian Mines on track to satisfying its exploration spending obligations to earn an 80% interest in these tenements by May 2018. Australian Mines is the operator and manager of the Marymia Project.

(f) Warriedar Gold Project

Australian Mines, through its wholly-owned subsidiary of Norwest Gold Pty Ltd, entered into a Sale and Purchase Agreement with Aphex Minerals Pty Ltd, to acquire 100% interest in the Warriedar Gold Project in Western Australia for a total payment of \$100,000 exclusive of GST. (To date, Australian Mines has made the initial \$25,000 payment to Aphex Minerals, with a subsequent \$35,000 payable on 31 March 2018, and a final \$40,000 payment on 30 June 2018).

(g) Ashburton Copper Project

Australian Mines, through its wholly-owned subsidiary of Norwest Gold Pty Ltd, has entered into an Option Agreement with TasEx Geological Services Pty Ltd to acquire 100% of the Ashburton Copper Project in Western Australia, which comprises granted tenement E08/2894.

Under the terms of this Agreement, Australian Mines has been granted an option to enable the Company to purchase 100% of the Ashburton Copper Project for a total purchase price of \$175,000 plus applicable GST payable by 30 June 2018 (unless extended in accordance with the Agreement).

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
Queensland	Sconi	ML 10366	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	ML10342	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	ML10324	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	ML 10332	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	ML 20549	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	ML 10368	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	MDL 515	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	MDL 387	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	EPM 25834	Acquired	100%	Announced 6 September 2017
Queensland	Sconi	EPM 25865	Acquired	100%	Announced 6 September 2017

Queensland	Sconi	EPM 25833	Acquired	100%	Announced 6 September 2017
Western Australia	Arunta West	E80/5031	Granted	100%	-
Western Australia	Arunta West	E80/5032	Granted	100%	-
Western Australia	Warriedar	M59/0755	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/1692	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/1723	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/1966	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	P59/2070	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E50/1692	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/2080	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/2103	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	E59/2104	Acquired	100%	See reference note (f) above
Western Australia	Warriedar	P59/2060	Acquired	100%	See reference note (f) above
Western Australia	Ashburton	E08/2894	Option to acquire	0%	See reference note (g) above

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015
Western Australia	Arunta West	Joint Venture Agreement	Australian Mines and Jervois Mining	0%	Announced 23 May 2016

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-

Appendix 3: Estimated Production Achievable from Demonstration-Size Processing Plant

		Cobalt	Nickel	Scandium
Feed rate	kg/day	2200	2200	2200
Feed grade	ppm			370
Feed grade	%	0.11%	0.81%	0.04%
Leach extraction	%	94%	94%	94%
Wash recovery	%	99%	99%	99%
Iron removal loss	%	2%	2%	0%
SX recovery	%	99%	99%	99%
Precipitation recovery	%	99.50%	99.50%	99.50%
Overall recovery from leach feed to product	%	90%	90%	92%
Metal production rate	kg/day	2.17	16.01	0.75
Molecular weight (metal)	g/mol	59	59	45
Product form		Cobalt Sulphate (CoSO ₄ .7H ₂ O)	Nickel Sulphate (NiSO ₄ .6H ₂ O)	Scandium oxide (Sc ₂ O ₃)
Molecular weight (product)	g/mol	262.93	262.69	137.92
End product production rate	kg/day	9.70	71.65	1.14
End product production rate	kg/week	67.90	501.57	8.01

when run on a continuous basis