



ASX: AUZ
6 March 2018
australianmines.com.au

Developing Sconi
Australia's most advanced
cobalt-nickel-scandium project

Important notes on these slides

This document is a visual aid accompanying a presentation to shareholders by the Managing Director on 21 February 2018. It is not intended to be read as a stand-alone document. It contains select information, in abbreviated or summary form, and does not purport to be complete. It is intended to be read by an audience familiar with Australian Mines Limited and its 2017 Annual Report, September 2017 Activities and Cash Flow Reports, and the Company's announcement dated 31 March 2017 titled *Technical Reports*, and to be accompanied by the verbal presentation.

This document should not be read without first reading Australian Mines Limited's 2017 Annual Report and September 2017 Quarterly Activities and Cash Flow Reports, the Company's announcement dated 31 March 2017 titled *Technical Reports*, which have previously been lodged with the Australian Securities Exchange and are available at www.australianmines.com.au.

Australian Mines Limited has prepared this announcement based on information available to it at the time. No representation or warranty, express or implied, is made as to the fairness, accuracy completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Australian Mines Limited, its directors, employees or agents, advisors, nor any other person accepts any liability, including, without limitation, any liability arising from the fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations represented in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and productions results, resource estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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

This presentation does not contain any new data, results or information

Any exploration and/or resource data, or statements referenced within this presentation have previously been lodged by Australian Mines Limited with the Australian Securities Exchange (ASX) via the company's announcements dated 10 October 2016, 14 October 2016, 27 October 2016, 15 November 2016, 24 January 2017, 21 February 2017, 15 March 2017, 23 March 2017, 31 March 2017, 15 May 2017, 26 June 2017, 11 August 2017, 6 September 2017, 28 September 2017, 29 September 2017, 3 October 2017, 31 October 2017, 6 November 2017, 31 January 2018 and 19 February 2018.

Unless otherwise stated, all figure quoted in this document are in Australian dollars (AUD).



Milestone positions AUZ as Australian cobalt leader

- Binding off-take agreement with Korean-listed SK Innovation
- Off-take quantities are up to:
 - 12,000 tonnes of cobalt sulphate per year, and
 - 60,000 tonnes of nickel sulphate per year,
 - for initial period of 7 years + option to extend for a further 6 years
- Product destined for SK Innovation's newly-developed electric vehicle battery plants in Hungary and Korea, servicing premium German car makers



Sconi off-take contract in detail

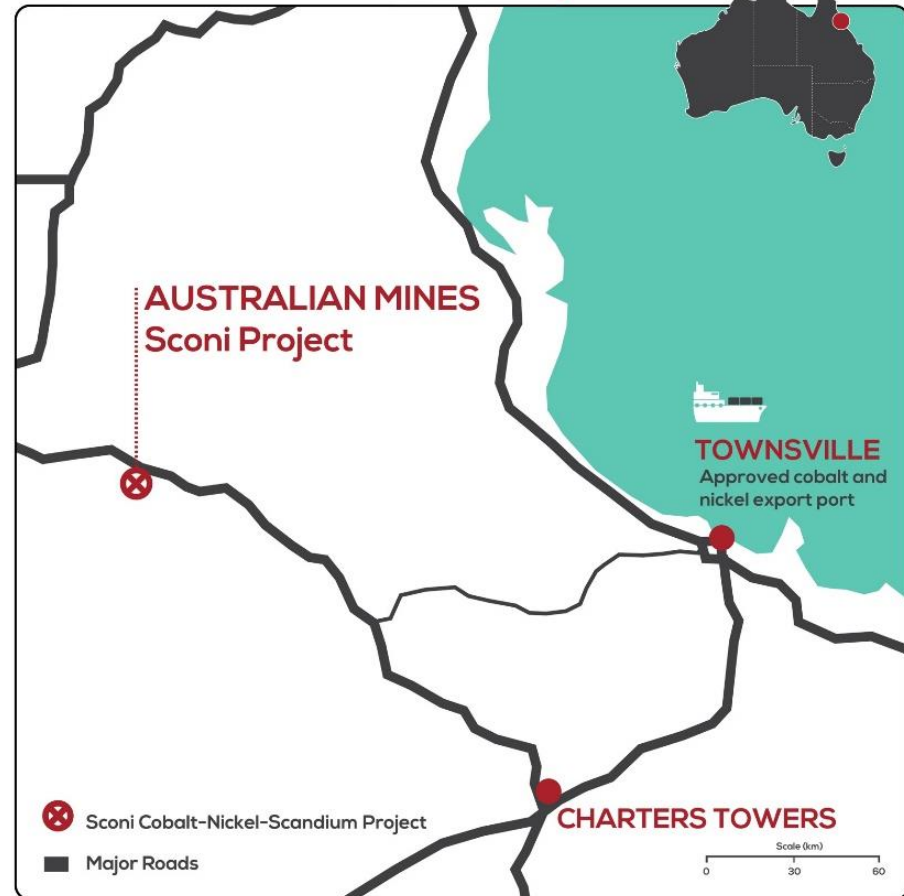
- Contract confirms Sconi Project's status as the most advanced project of its type in Australia
- Initial agreement for 7-year period with a further 6-year extension option
- London Metal Exchange (LME)-linked pricing
- Agreed off-take volumes of up to 12,000 tonnes per year of cobalt sulphate and up to 60,000 tonnes per year of nickel sulphate
- Collaborating with SK Innovation to optimise Bankable Feasibility Study on the Sconi Project, now scheduled to complete in June 2018
- Optimisation of Sconi's processing plant and mining operation through sample validation at battery level for hybrid and electric vehicles (xEV)
- Option agreement for SK Innovation to acquire up to 19.9% of Australian Mines' ordinary shares and co-operation on project funding



Sconi is development ready

- 100%-owned Australian Mines' project
- Located within 250 kilometres of the **approved cobalt & nickel exporting port** of Townsville in northern Queensland, Australia
- Sconi Project benefits from existing surrounding infrastructure including:
 - ✓ sealed roads
 - ✓ exporting port
 - ✓ electricity
 - ✓ water
 - ✓ local housing
 - ✓ telecommunications
 - ✓ skilled local workforce

Sconi Cobalt-Nickel-Scandium Project



Sconi is progressing to Final Investment Decision

- ✓ Trial mining completed
- ✓ Mining Lease granted
- ✓ Plant design identified
- ✓ Electricity source confirmed
- ✓ Proposed water supply on site
- ✓ Environmental Licence granted
- ✓ **Final investment decision on Sconi development expected in Q3 2018**



Sconi – one giant battery

The Sconi Project can produce raw materials required for electric vehicles

The contract with SK Innovations contemplates an output of up to:

- **60,000 tonnes of nickel sulphate per annum**
- **12,000 tonnes of cobalt sulphate per annum**



Demonstration-scale plant completed



- Autoclave arrived and installed in demonstration plant over Christmas period
- Plant commissioning completed
 - final certification in progress
- Uses a proven, industry standard processing flow chart that has been independently verified by engineers from off-take partners
- Will produce saleable **cobalt sulphate** and **nickel sulphate** for validation by SK Innovation in March 2018 & **scandium oxide** samples for other interested off-take parties
- This facility will also be used to produce future samples from the Flemington Cobalt-Scandium-Nickel Project



Product samples to be delivered this month



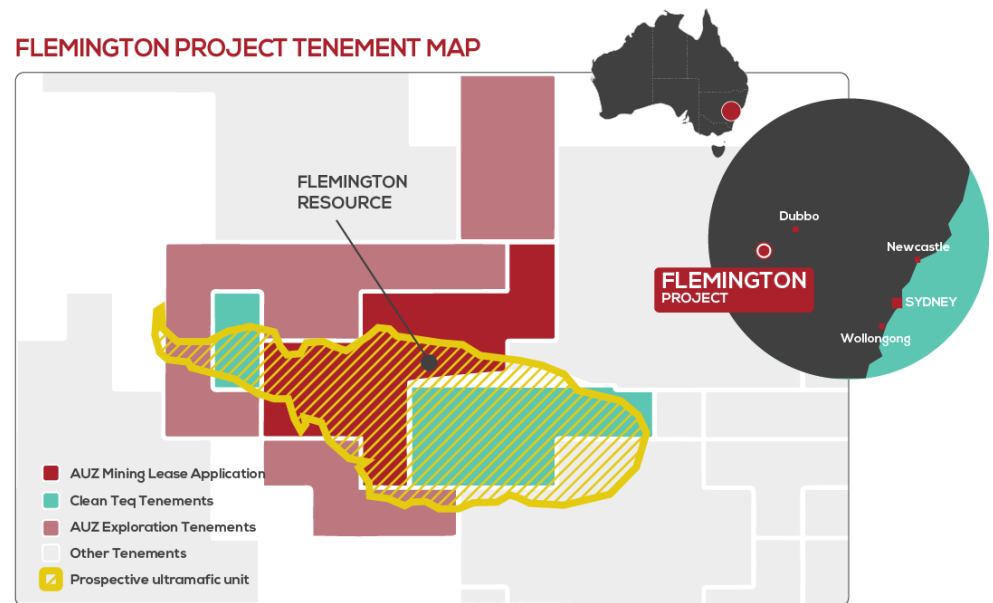
Commercial battery grade products scheduled to be delivered this month to SK Innovation

- Demonstration-scale plant has throughput capacity of 2,200 kilograms of ore per day
- The plant has the potential to deliver a weekly output of:
 - ✓ 67 kilograms of cobalt sulphate ($\text{CoSO}_4 \cdot 7\text{H}_2\text{O}$)
 - ✓ 500 kilograms of nickel sulphate ($\text{NiSO}_4 \cdot 6\text{H}_2\text{O}$)
 - ✓ 8 kilograms of scandium oxide (Sc_2O_3)



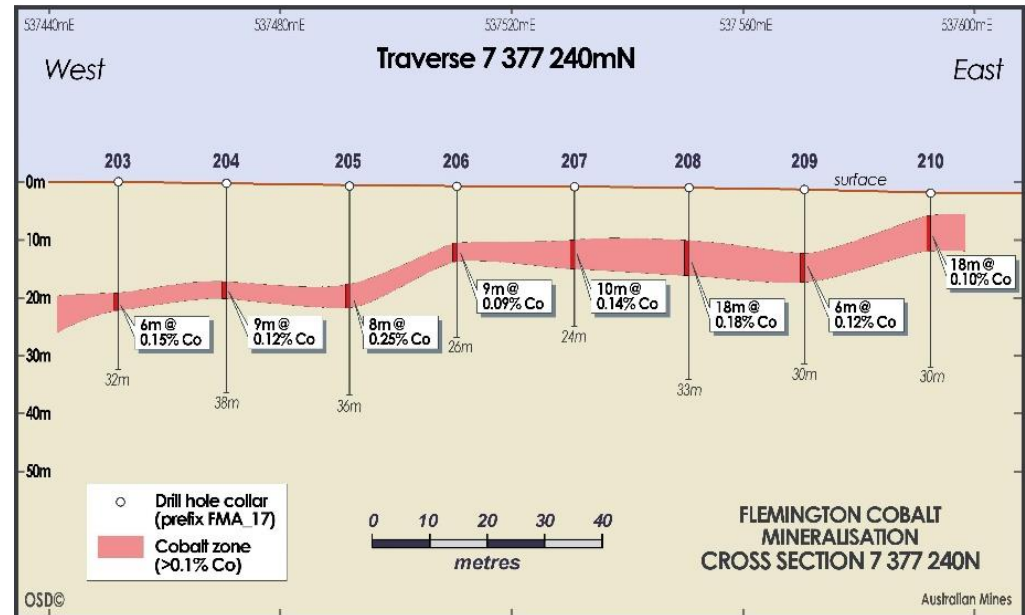
Flemington: A potential second production source

- Flemington Cobalt-Scandium-Nickel Project located in central New South Wales, 370 kilometres west of Sydney
- Direct continuation of Clean TeQ's Sunrise deposit, separated only by a tenement boundary
- Resource expansion drilling program, using multiple rigs, due to start in March 2018
- Mining Lease application submitted
- Environmental studies commenced
- Water allocation already secured for any future mining operation



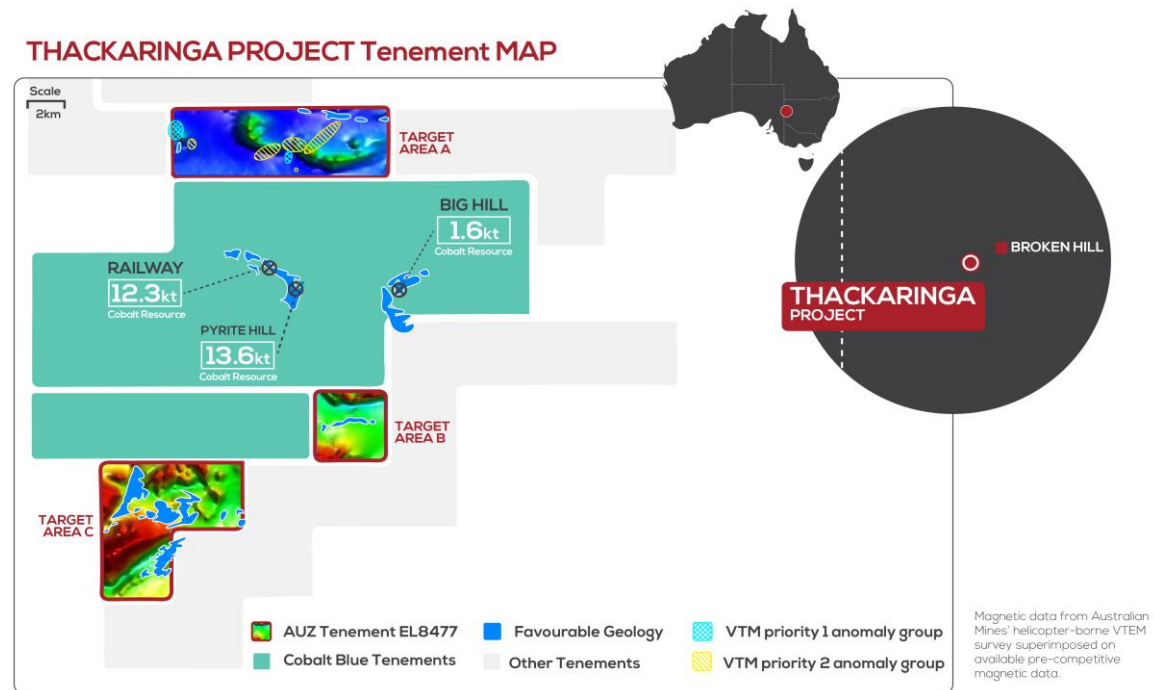
Flemington: Only 1% of prospective geology tested

- Pre-Feasibility Study (PFS) due to start in second half of 2018 following results from upcoming drill program
- Regional field mapping and sampling campaign commenced over the broader Flemington / Fifield district
- Plans to prepare a JORC-compliant Exploration Target for the wider Flemington Project ahead of the commencement of a PFS
- Exploration Manager being appointed to spearhead the expansion of team in NSW, to be based at newly-established regional office in the town of Parkes



Thackaringa: Offers additional cobalt upside

- Thackaringa Cobalt Project 100%-owned by Australian Mines
- Immediately adjoins Cobalt Blue's Pyrite Hill / Railway cobalt project in New South Wales
- Helicopter-borne VTEM survey generated seven priority targets in *Target Area A* alone (total of 18 targets across tenements)
- Soil sampling campaign commenced, currently focused on priority anomalies in Area A (then Areas B & C)
- Ground-based FLEM survey planned to further evaluate a conductive body interpreted from airborne survey
- Detailed planning for maiden drill campaign to follow on-the-ground exploration results late in June quarter



Investment Criteria	Australian Mines Sconi Project	Clean TeQ Sunrise Project
Mineral Resource	89 million tonnes	101 million tonnes
Expected feed grade (for first 20 years Life of Mine)	0.11% Cobalt & 0.81% Nickel	0.14% Cobalt & 0.80% Nickel
Processing efficiency	93% Cobalt & 93% Nickel	93% Cobalt & 94% Nickel
Waste to ore ratio	0.6 : 1.0	0.8 : 1.0
Final products	Co and Ni sulphates	Co and Ni sulphates
All approvals in place	YES	ALMOST
Off-take contract in place	YES (100% off-take with SK Innovation for up to 13 years)	Partial (20% off-take with Chinese Easpring Beijing for 5 years)
Exploration Upside	YES Sconi – deposit remains open Flemington – continuation of Sunrise ore body Thackaringa – adjacent to Cobalt Blue	?? Potential transactions
Market Capitalisation (as at 5 March 2018)	\$267 million	\$800 million

Corporate Overview

Board of Directors

Michael Ramsden (Chairman)

Michael Ramsden is a lawyer with more than 25 years' experience as a corporate advisor. He has been involved with all forms of finance, including money markets, futures trade and foreign exchange.

Mick Elias (Director)

Mick Elias is an international recognised expert in lateritic nickel-cobalt deposits, with more than 35 years' of experience in all aspects of nickel resource development.

Dominic Marinelli (Director)

Dominic Marinelli has over 20 years' of corporate fundraising experience covering a wide range of industries including resources and other emerging technologies.

Benjamin Bell (Managing Director)

Benjamin Bell is a geophysicist, with 20 years' experience in the minerals industry.

Tim Maclean (Chief Operating Officer)

Tim Maclean has three decades experience building and operated multi-billion-dollar laterite processing plants including, most recently, Vales' Mineração Onca Puma nickel laterite processing plant in Brazil

CAPITAL STRUCTURE

Market Cap at 10 cps
(5 March 2018)

\$267 million

Shares on Issue

2,678 million

Cash-in-bank

\$14 million





Contact



+61 8 9481 5811



+61 46 777 00 16



bbell@australianmines.com.au



www.australianmines.com.au

Level 1 / 83 Havelock Street, West Perth, Western Australia, 6005





AUSTRALIAN MINES LIMITED

Appendix – Details of Australian Mines & Clean TeQ comparison

As noted in Australian Mines' ASX Price and Volume Query Response released 31 October 2017:

- Australian Mines notes that Canadian broking and investment firm, Canaccord Genuity, released a BUY recommendation on Clean TeQ holdings (ASX: CLQ) on 29 October 2017.
- The target price for this BUY recommendation on Clean TeQ holdings was \$2.00, which values the Syerston project (having a mineral resource tonnage of 101 million tonnes at an average grade of 0.13% cobalt and 0.59% nickel) at \$1.1 billion.
- In comparison, Australian Mines, whose Sconi project has a mineral resource tonnage of 89 million tonnes at an average expected feed grade of 0.11% cobalt and 0.80% nickel, is currently valued at only \$267 million
- This market capitalisation of \$267 million for Australian Mines overlooks the inherent value of the company's Flemington Cobalt-Scandium-Nickel Project in New South Wales, which is the immediate continuation of Clean TeQ Syerston project, as well as Australian Mines emerging Thackaringa Cobalt Project, which immediately adjoins Cobalt Blue's (ASX: COB) tenements near Broken Hill.
- It is noted that Canaccord Genuity's valuation of \$1.1 billion for the Syerston Project, is based solely on that project's cobalt and nickel resource.



Appendix – Details of Australian Mines & Clean TeQ comparison

- Canaccord Genuity, in their 29 October 2017 report, does not attribute any value to the platinum resource at Syerston nor does it attribute any value to the project's scandium resource.
- Canaccord Genuity, in their 29 October 2017 report, also attributes a ZERO value to Clean TeQ's water business
- Canaccord Genuity's treatment of the Syerston Project reflects that of Macquarie Research – part of Macquarie Bank – who earlier this month valued the Syerston Project at \$1.2 billion, again, based solely on that project's cobalt and nickel resource, with no NIL value placed on the project's platinum or scandium resource or water business
- Given both Canaccord Genuity and Macquarie Bank each, and independently valued the Syerston Project at more than \$1.1 billion based solely on its cobalt and nickel resource, and given that there is no material difference between the cobalt and nickel mineralisation / deposit at Clean TeQ's Syerston Project and Australian Mines' Sconi Project, the 'like-for-like' comparison between these two projects is valid.
- As a result, the value / market capitalisation comparison between Clean TeQ's Syerston Project and Australian Mines' Sconi Project is similarly valid given that there is no known material difference in these two projects that could explain the value differential



Appendix – Sconi Mineral Resource

- 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.
- 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 and dirt 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 overall mineral resource grade estimated, which includes the lower grade ore and dirt. 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 zones contain average feed grade of 0.11% cobalt.



Competent Persons Statement

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.

