22 June 2018

Preliminary findings of Feasibility Study indicate additional cobalt-nickel mineralisation potential at Sconi Project, Queensland

Australian Mines Limited ("Australian Mines" or "the Company") (Australia ASX: *AUZ*; USA OTCQB: *AMSLF*; Frankfurt Stock Exchange: *MJH*) advises that a review of the sterilisation drilling[1] completed across the proposed processing infrastructure sites at Sconi, as part of the Company's Bankable Feasibility Study (BFS), has indicated that high grade cobalt and nickel mineralisation[2] extends across the sites proposed for the processing plant and haul roads.

The sterilisation drilling, undertaken by Metallica Minerals Limited in the lead-up to the project's Pre-Feasibility Study[3] (PFS), identified a preferred site for the processing plant at Sconi. This location appears primarily designed to optimise scandium production from the ore body and did not comprehensively sterilise the cobalt and nickel prospectivity of the proposed mining and processing area.

Since acquiring a 100%-interest in the Sconi Project from Metallica Minerals in 2017, and having signed a binding off-take agreement with SK Innovation[1], Australian Mines has been focused on optimising the Sconi BFS for cobalt and nickel production to maximise economic returns from the Project[4].

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[1] Sterilisation drilling is undertaken during the pre-development phase of all mining and mineral resource programs to ensure there is no mineralisation within / beneath the sites earmarked for buildings, roads, power lines, pipelines, waste piles, tailings disposal areas and the like. The objective of a sterilisation drilling program is, therefore, to confirm the ground being tested is barren of mineralisation. Intersecting economic, or potentially economic grade mineralisation via a sterilisation drill program represents a (positive) issue for a resource company because although it means that a company needs to identify an alternate site on which to build the project's infrastructure, it similarly means that the deposit or ore body is potentially larger than that company had initially expected.

[2] See Appendix 1 of this report.

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

[4] Whilst the Sconi Bankable Feasibility Study (BFS) is being optimised for cobalt and nickel production, the proposed plant is still expected to produce a similar volume of scandium as that outlined in the Pre-Feasibility Study (PFS).

This finding by Australian Mines' Studies Team that the previous sterilisation drilling intersected similar grades to those included in the project's current Mineral Resource[5] indicates that the overall footprint of cobalt and nickel mineralisation at the Company's 100%-owned Sconi Project may be significantly larger than previously indicated by both the Pre-Feasibility Study[6] (PFS) for Sconi and the project's existing Mineral Resource Statement.

As a result, Australian Mines, in collaboration with lead engineering firm Ausenco[7], are presently re-evaluating the location and layout of the full-scale cobalt-nickel-scandium processing plant, and associated non-processing infrastructure to ensure the final site design enables maximum operational efficiency (and, thus, the lowest possible operating costs for the project) in tandem with optimising the Sconi Project's Life-of-Mine.

The current optimisation process for the Sconi BFS, which is appropriate in light of the additional cobalt and nickel mineralisation within sites earmarked for the processing plant and supporting infrastructure[8], will necessarily result in a slight adjustment to the proposed BFS timetable. The Company now expects to receive the draft version of the report by the end of July 2018, with the final Board-approved version subsequently released to the market in September 2018.

This adjusted timing of the BFS is not expected to have any effect on the construction date for the project given that both SK and the financial institutions engaged in negotiations with Australian Mines are imbedded in the Company's current BFS process.

Australian Mines' Managing Director, Benjamin Bell, commented: *"Australian Mines remains committed to delivering the maximum value to shareholders from the Sconi Project through the delivery of a large-scale cobalt-nickel-scandium mining and processing operation in northern Queensland.*

"Given this operation has the potential to run for several decades once commissioned it is imperative that we invest time at this critical planning stage to ensure the site is set-up to maximise and sustain future production.

"The positive news for Australian Mines' shareholders from the review of the sterilisation drilling program, is that the grades intersected were sufficient for us to reassess the plant location and will inevitably be the catalyst for us to reassess the overall footprint of the cobalt and nickel mineralisation.

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[5] 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

[6] Australian Mines Limited, Technical Reports, released 31 March 2017

[7] https://www.ausenco.com/

"The results from sterilisation drilling at Sconi, along with the anticipated results from the upcoming resource expansion drill program will provide significant data for us to revisit the existing Mineral Resource estimate and assess potential future conversion of those resources to Ore Reserves."

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Appendix 1: Sterilisation Drilling Program Results – Sconi Project

Table 1: Sconi Reverse Circulation Drill Program – Drill Hole Information Summary

Hole Number	Northing (MGA55)	Easting (MGA55)	Elevation (metres)	Hole Depth (metres)
GVM221	7902208	281673	536	16
GVM222	7902184	281682	537	16
GVM223	7902147	281683	540	30
GVM224	7902121	281676	542	22
GVM225	7902094	281674	543	19
GVM226	7902058	281674	544	19
GVM227	7902073	281673	544	19
GVM228	7902060	281701	546	13
GVM229	7902036	281705	546	13
GVM230	7902016	281710	547	19
GVM231	7901995	281714	547	13
GVM232	7902152	281634	528	19
GVM233	7902115	281606	529	25
GVM234	7902111	281589	529	13
GVM235	7902045	281607	533	17
GVM236	7902002	281596	532	19
GVM237	7901967	281588	531	13
GVM250	7901263	281075	511	28
GVM251	7901215	281079	511	15
GVM252	7901142	281079	511	31
GVM253	7901098	281078	511	25
GVM254	7901097	281039	512	31
GVM255	7901142	281042	512	27
GVM256	7901180	281037	513	28
GVM257	7901216	281039	513	27
GVM258	7901264	281047	514	27
GVM590	7901121	281077	511	24
GVM591	7901164	281080	511	27
GVM592	7901177	281058	511	42
GVM593	7901160	281058	512	24
GVM594	7901141	281058	511	27
GVM595	7901197	281080	510	24
GVM596	7901200	281059	511	21
GVM597	7901124	281098	511	21
GVM628	7902155	281580	527	15
GVM629	7902121	281562	526	15

GVM630	7902077	281559	522	12

All holes are vertical, hence, have a nominal dip of -90 and an azimuth of 0 degrees.

Table 1 above contains all known drill holes undertaken as part of the sterilisation drill program. Any gaps in the range of drill hole numbers outlined in the above table is due to the sterilisation drill holes being undertaken over multiple programs.

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Table 2: Sconi Drill Program - Assay Summary - Cobalt and Nickel

Hole Number	From (metres)	To (metres)	Cobalt (%)	Nickel (%)
GVM221	0	1	0.066	0.691
GVM221	1	2	0.060	0.811
GVM221	2	3	0.058	1.040
GVM221	3	4	0.021	0.479
GVM221	4	5	0.014	0.365
GVM221	5	6	0.016	0.408
GVM221	6	7	0.013	0.294
GVM221	7	8	0.012	0.260
GVM221	8	9	0.014	0.323
GVM221	9	10	0.010	0.265
GVM221	10	11	0.010	0.210
GVM221	11	12	0.013	0.299
GVM221	12	13	0.013	0.263
GVM221	13	14	0.007	0.201
GVM221	14	15	0.007	0.144
GVM221	15	16	0.010	0.192
GVM222	0	1	0.018	1.530
GVM222	1	2	0.016	0.858
GVM222	2	3	0.012	0.274
GVM222	3	4	0.012	0.337
GVM222	4	5	0.012	0.306
GVM222	5	6	0.011	0.249
GVM222	6	7	0.010	0.214
GVM222	7	8	0.011	0.224
GVM222	8	9	0.011	0.241
GVM222	9	10	0.016	0.410
GVM222	10	11	0.014	0.319
GVM222	11	12	0.012	0.278
GVM222	12	13	0.016	0.369
GVM222	13	14	0.012	0.307
GVM222	14	15	0.013	0.347
GVM222	15	16	0.012	0.316
GVM223	0	1	0.025	0.502
GVM223	1	2	0.020	0.579
GVM223	2	3	0.017	0.994
GVM223	3	4	0.018	0.741
GVM223	4	5	0.018	0.783
GVM223	5	6	0.014	0.449
GVM223	6	7	0.016	0.551

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GVM223	7	8	0.018	0.670
GVM223	8	9	0.019	0.660
GVM223	9	10	0.016	0.368
GVM223	10	11	0.018	0.443
GVM223	11	12	0.018	0.597
GVM223	12	13	0.016	0.660
GVM223	13	14	0.014	0.622
GVM223	14	15	0.017	0.707
GVM223	15	16	0.018	0.775
GVM223	16	17	0.016	0.537
GVM223	17	18	0.019	0.843
GVM223	18	19	0.029	1.560
GVM223	19	20	0.041	1.710
GVM223	20	21	0.018	0.721
GVM223	21	22	0.022	1.100
GVM223	22	23	0.008	0.303
GVM223	23	24	0.015	0.382
GVM223	24	27	0.011	0.191
GVM223	27	30	0.009	0.192
GVM224	0	1	0.001	0.001
GVM224	1	2	0.048	1.490
GVM224	2	3	0.025	0.485
GVM224	3	6	0.022	0.509
GVM224	6	7	0.012	0.266
GVM224	7	8	0.010	0.208
GVM224	8	11	0.009	0.201
GVM224	11	14	0.010	0.216
GVM224	14	17	0.009	0.196
GVM224	17	20	0.008	0.177
GVM224	20	21	0.008	0.169
GVM224	21	22	0.009	0.186
GVM225	0	1	0.025	0.890
GVM225	1	2	0.038	1.050
GVM225	2	3	0.054	1.510
GVM225	3	4	0.123	3.350
GVM225	4	5	0.023	0.654
GVM225	5	6	0.009	0.212
GVM225	6	9	0.009	0.214
GVM225	9	12	0.009	0.190
GVM225	12	15	0.008	0.175
GVM225	15	18	0.007	0.155
GVM225	18	19	0.008	0.172
GVM226	0	1	0.023	0.442
GVM226	1	2	0.013	0.247

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GVM226	2	3	0.039	0.861
GVM226	3	4	0.024	0.576
GVM226	4	5	0.021	0.603
GVM226	5	6	0.025	0.644
GVM226	6	7	0.017	0.982
GVM226	7	10	0.016	0.535
GVM226	10	11	0.013	0.502
GVM226	11	12	0.015	0.862
GVM226	12	13	0.023	1.040
GVM226	13	14	0.021	0.799
GVM226	14	15	0.019	0.621
GVM226	15	16	0.017	0.507
GVM226	16	17	0.014	0.372
GVM226	17	18	0.014	0.333
GVM226	18	19	0.023	0.811
GVM227	0	1	0.037	1.330
GVM227	1	2	0.026	0.816
GVM227	2	3	0.017	0.581
GVM227	3	4	0.010	0.240
GVM227	4	5	0.009	0.208
GVM227	5	6	0.008	0.192
GVM227	6	7	0.008	0.186
GVM227	7	10	0.009	0.207
GVM227	10	13	0.012	0.273
GVM227	13	16	0.013	0.332
GVM227	16	19	0.007	0.176
GVM228	0	1	0.018	1.000
GVM228	1	2	0.029	1.320
GVM228	2	3	0.009	0.211
GVM228	3	4	0.008	0.181
GVM228	4	7	0.008	0.180
GVM228	7	10	0.009	0.185
GVM228	10	13	0.009	0.195
GVM229	0	1	0.031	1.290
GVM229	1	2	0.023	0.915
GVM229	2	3	0.014	0.478
GVM229	3	4	0.006	0.172
GVM229	4	7	0.010	0.191
GVM229	7	10	0.010	0.206
GVM229	10	13	0.010	0.220
GVM230	0	1	0.069	0.537
GVM230	1	2	0.096	1.400
GVM230	2	3	0.067	2.090
GVM230	3	4	0.015	0.537

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GVM230	4	5	0.010	0.222
GVM230	5	6	0.010	0.210
GVM230	6	7	0.010	0.202
GVM230	7	10	0.009	0.185
GVM230	10	13	0.009	0.187
GVM230	13	16	0.009	0.173
GVM230	16	19	0.009	0.182
GVM231	0	1	0.023	0.749
GVM231	1	2	0.019	0.485
GVM231	2	3	0.021	0.529
GVM231	3	4	0.015	0.726
GVM231	4	5	0.014	0.485
GVM231	5	6	0.014	0.818
GVM231	6	7	0.008	0.229
GVM231	7	10	0.006	0.189
GVM231	10	13	0.007	0.149
GVM232	0	1	0.041	0.784
GVM232	1	2	0.032	0.822
GVM232	2	3	0.024	0.603
GVM232	3	4	0.025	0.632
GVM232	4	5	0.021	0.536
GVM232	5	6	0.019	0.534
GVM232	6	7	0.019	0.626
GVM232	7	8	0.025	1.290
GVM232	8	9	0.012	0.333
GVM232	9	10	0.009	0.188
GVM232	10	13	0.013	0.302
GVM232	13	16	0.011	0.245
GVM232	16	19	0.017	0.403
GVM233	0	1	0.037	0.545
GVM233	1	2	0.033	0.379
GVM233	2	3	0.048	0.434
GVM233	3	4	0.055	0.500
GVM233	4	5	0.043	0.441
GVM233	5	6	0.058	1.370
GVM233	6	7	0.073	1.060
GVM233	7	8	0.070	0.983
GVM233	8	9	0.039	1.100
GVM233	9	10	0.041	1.070
GVM233	10	11	0.046	1.370
GVM233	11	12	0.045	1.500
GVM233	12	13	0.019	0.673
GVM233	13	14	0.022	0.818
GVM233	14	15	0.025	0.582

GVM233	15	16	0.025	0.556
GVM233	16	17	0.023	0.677
GVM233	17	18	0.022	0.543
GVM233	18	19	0.023	0.628
GVM233	19	22	0.015	0.372
GVM233	22	25	0.026	0.503
GVM234	0	1	0.007	0.112
GVM234	1	2	0.005	0.090
GVM234	2	3	0.045	0.804
GVM234	3	4	0.072	0.803
GVM234	4	5	0.082	0.955
GVM234	5	6	0.076	0.896
GVM234	6	7	0.101	1.130
GVM234	7	8	0.052	0.830
GVM234	8	9	0.036	0.649
GVM234	9	10	0.030	0.614
GVM234	10	11	0.019	0.659
GVM234	11	12	0.012	0.482
GVM234	12	13	0.017	0.476
GVM235	0	1	0.024	0.473
GVM235	1	2	0.020	0.437
GVM235	2	3	0.015	0.357
GVM235	3	4	0.014	0.363
GVM235	4	5	0.017	0.519
GVM235	5	6	0.015	0.368
GVM235	6	7	0.012	0.261
GVM235	7	8	0.012	0.232
GVM235	8	9	0.013	0.297
GVM235	9	10	0.014	0.329
GVM235	10	13	0.010	0.226
GVM235	13	17	0.009	0.216
GVM236	0	1	0.026	0.686
GVM236	1	2	0.016	0.567
GVM236	2	3	0.014	0.449
GVM236	3	4	0.014	0.319
GVM236	4	5	0.013	0.359
GVM236	5	6	0.011	0.281
GVM236	6	7	0.015	0.520
GVM236	7	10	0.013	0.317
GVM236	10	13	0.011	0.287
GVM236	13	16	0.011	0.275
GVM236	16	19	0.009	0.186
GVM237	0	1	0.037	1.070
GVM237	1	2	0.042	1.040

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GVM237	2	3	0.029	0.555
GVM237	3	4	0.017	0.333
GVM237	4	10	0.001	0.001
GVM237	10	13	0.010	0.227
GVM250	1	2	0.056	0.503
GVM250	2	3	0.056	0.596
GVM250	3	6	0.007	0.244
GVM250	6	9	0.021	0.342
GVM250	9	12	0.020	0.327
GVM250	12	15	0.036	0.298
GVM250	15	18	0.041	0.391
GVM250	18	19	0.014	0.427
GVM250	19	20	0.012	1.420
GVM250	20	21	0.014	1.090
GVM250	21	22	0.011	0.340
GVM250	22	23	0.014	0.620
GVM250	23	24	0.006	0.528
GVM250	24	25	0.014	0.254
GVM250	25	28	0.016	0.308
GVM251	0	3	0.024	0.324
GVM251	3	6	0.006	0.122
GVM251	6	9	0.015	0.231
GVM251	9	10	0.034	0.318
GVM251	10	11	0.033	0.378
GVM251	11	12	0.070	0.475
GVM251	12	13	0.020	0.413
GVM251	13	14	0.018	0.324
GVM251	14	15	0.016	0.261
GVM252	0	3	0.035	0.364
GVM252	3	6	0.008	0.027
GVM252	6	9	0.003	0.001
GVM252	9	12	0.001	0.001
GVM252	12	15	0.008	0.118
GVM252	15	18	0.055	0.515
GVM252	18	19	0.069	1.860
GVM252	19	20	0.044	3.280
GVM252	20	21	0.035	2.090
GVM252	21	22	0.027	1.470
GVM252	22	23	0.025	1.070
GVM252	23	24	0.023	0.777
GVM252	24	25	0.024	0.805
GVM252	25	26	0.021	0.780
GVM252	26	27	0.020	0.622
GVM252	27	28	0.024	0.659

GVM252	28	29	0.020	0.491
GVM252	29	30	0.014	0.368
GVM252	30	31	0.016	0.398
GVM253	0	1	0.001	0.001
GVM253	1	2	0.001	0.001
GVM253	2	3	0.015	0.181
GVM253	3	4	0.009	0.084
GVM253	4	5	0.005	0.086
GVM253	5	6	0.001	0.036
GVM253	6	7	0.001	0.035
GVM253	7	8	0.001	0.035
GVM253	8	9	0.001	0.041
GVM253	9	10	0.001	0.026
GVM253	10	11	0.003	0.034
GVM253	11	12	0.001	0.045
GVM253	12	13	0.001	0.034
GVM253	13	14	0.001	0.039
GVM253	14	15	0.001	0.049
GVM253	15	16	0.003	0.071
GVM253	16	17	0.021	0.335
GVM253	17	18	0.048	0.360
GVM253	18	19	0.057	0.407
GVM253	19	20	0.056	0.549
GVM253	20	21	0.029	0.592
GVM253	21	22	0.028	0.489
GVM253	22	23	0.019	0.319
GVM253	23	24	0.013	0.305
GVM253	24	25	0.001	0.001
GVM254	0	3	0.044	0.413
GVM254	3	6	0.021	0.256
GVM254	6	9	0.003	0.061
GVM254	9	12	0.001	0.043
GVM254	12	15	0.001	0.026
GVM254	15	18	0.001	0.058
GVM254	18	21	0.004	0.059
GVM254	21	24	0.010	0.272
GVM254	24	27	0.015	0.431
GVM254	27	30	0.020	0.461
GVM254	30	31	0.019	0.400
GVM255	0	6	0.029	0.342
GVM255	6	9	0.008	0.093
GVM255	9	12	0.001	0.033
GVM255	12	15	0.001	0.029
GVM255	15	18	0.001	0.042

GVM255	18	21	0.007	0.130
GVM255	21	24	0.014	0.236
GVM255	24	27	0.007	0.271
GVM256	0	1	0.060	0.596
GVM256	1	2	0.096	0.550
GVM256	2	3	0.066	0.407
GVM256	3	6	0.037	0.435
GVM256	6	9	0.008	0.114
GVM256	9	12	0.003	0.058
GVM256	12	15	0.006	0.047
GVM256	15	18	0.001	0.038
GVM256	18	21	0.005	0.126
GVM256	21	24	0.026	0.336
GVM256	24	27	0.016	0.348
GVM256	27	28	0.017	0.380
GVM257	0	1	0.083	0.743
GVM257	1	2	0.113	0.736
GVM257	2	3	0.061	0.464
GVM257	3	6	0.039	0.402
GVM257	6	9	0.003	0.084
GVM257	9	12	0.003	0.050
GVM257	12	15	0.001	0.037
GVM257	15	18	0.003	0.080
GVM257	18	21	0.026	0.259
GVM257	21	24	0.038	0.346
GVM257	24	27	0.009	0.173
GVM258	0	1	0.066	0.589
GVM258	1	2	0.066	0.793
GVM258	2	3	0.083	0.522
GVM258	3	6	0.042	0.468
GVM258	6	9	0.004	0.089
GVM258	9	12	0.006	0.103
GVM258	12	15	0.028	0.244
GVM258	15	18	0.037	0.291
GVM258	18	21	0.057	0.374
GVM258	21	24	0.020	0.287
GVM258	24	27	0.005	0.146
GVM590	0	3	0.033	0.343
GVM590	3	6	0.003	0.048
GVM590	6	9	0.001	0.034
GVM590	9	12	0.003	0.058
GVM590	12	15	0.005	0.124
GVM590	15	16	0.043	0.357
GVM590	16	17	0.060	0.452

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GVM590	17	18	0.048	0.546
GVM590	18	19	0.070	1.460
GVM590	19	20	0.035	1.100
GVM590	20	21	0.012	0.565
GVM590	21	22	0.008	0.248
GVM590	22	23	0.006	0.146
GVM590	23	24	0.007	0.151
GVM591	0	3	0.029	0.315
GVM591	3	6	0.007	0.093
GVM591	6	9	0.006	0.087
GVM591	9	12	0.018	0.259
GVM591	12	13	0.052	0.484
GVM591	13	14	0.150	0.676
GVM591	14	15	0.084	1.630
GVM591	15	16	0.048	2.740
GVM591	16	17	0.027	2.840
GVM591	17	18	0.031	1.850
GVM591	18	19	0.018	1.130
GVM591	19	20	0.020	1.290
GVM591	20	21	0.020	1.070
GVM591	21	22	0.020	1.020
GVM591	22	23	0.016	0.983
GVM591	23	24	0.013	0.705
GVM591	24	27	0.014	0.567
GVM592	0	3	0.033	0.341
GVM592	3	6	0.007	0.158
GVM592	6	9	0.003	0.088
GVM592	9	12	0.003	0.068
GVM592	12	15	0.003	0.073
GVM592	15	18	0.035	0.399
GVM592	18	21	0.056	0.433
GVM592	21	24	0.185	0.510
GVM592	24	27	0.056	1.060
GVM592	27	30	0.051	1.200
GVM592	30	33	0.026	0.726
GVM592	33	36	0.010	0.390
GVM592	36	39	0.018	0.469
GVM592	39	42	0.015	0.401
GVM593	0	3	0.042	0.388
GVM593	3	6	0.008	0.168
GVM593	6	9	0.003	0.076
GVM593	9	12	0.004	0.057
GVM593	12	15	0.001	0.045
GVM593	15	18	0.036	0.324

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GVM593	18	19	0.091	0.655
GVM593	19	20	0.029	0.708
GVM593	20	21	0.015	0.348
GVM593	21	24	0.015	0.254
GVM594	0	3	0.040	0.367
GVM594	3	6	0.004	0.113
GVM594	6	9	0.001	0.035
GVM594	9	12	0.007	0.084
GVM594	12	15	0.013	0.223
GVM594	15	18	0.018	0.218
GVM594	18	19	0.126	0.523
GVM594	19	20	0.074	0.566
GVM594	20	21	0.109	0.703
GVM594	21	22	0.045	0.927
GVM594	22	23	0.050	1.410
GVM594	23	24	0.043	0.998
GVM594	24	25	0.037	0.865
GVM594	25	26	0.026	0.814
GVM594	26	27	0.022	0.626
GVM595	0	3	0.025	0.341
GVM595	3	6	0.007	0.198
GVM595	6	9	0.030	0.348
GVM595	9	10	0.108	0.554
GVM595	10	11	0.045	0.571
GVM595	11	12	0.129	1.100
GVM595	12	13	0.107	1.480
GVM595	13	14	0.028	1.960
GVM595	14	15	0.032	1.380
GVM595	15	16	0.025	1.240
GVM595	16	17	0.019	1.340
GVM595	17	18	0.018	0.753
GVM595	18	19	0.019	0.851
GVM595	19	20	0.018	0.934
GVM595	20	21	0.018	0.709
GVM595	21	22	0.020	0.727
GVM595	22	23	0.018	0.685
GVM595	23	24	0.018	0.532
GVM596	0	3	0.040	0.468
GVM596	3	6	0.003	0.092
GVM596	6	9	0.004	0.075
GVM596	9	12	0.003	0.070
GVM596	12	15	0.036	0.351
GVM596	15	16	0.102	0.512
GVM596	16	17	0.089	0.630

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GVM596	17	18	0.016	0.411
GVM596	18	21	0.016	0.332
GVM597	0	3	0.045	0.412
GVM597	3	6	0.041	0.500
GVM597	6	9	0.018	0.185
GVM597	9	12	0.035	0.393
GVM597	12	13	0.078	0.621
GVM597	13	14	0.021	0.713
GVM597	14	15	0.030	0.630
GVM597	15	16	0.017	0.336
GVM597	16	17	0.028	0.605
GVM597	17	18	0.022	0.492
GVM597	18	19	0.020	0.376
GVM597	19	20	0.015	0.364
GVM597	20	21	0.015	0.412
GVM628	0	1	0.001	0.001
GVM628	1	2	0.016	0.342
GVM628	2	3	0.009	0.168
GVM628	3	4	0.013	0.286
GVM628	4	5	0.012	0.323
GVM628	5	6	0.013	0.229
GVM628	6	7	0.021	0.652
GVM628	7	8	0.014	0.462
GVM628	8	9	0.011	0.259
GVM628	9	12	0.010	0.205
GVM628	12	15	0.010	0.203
GVM629	0	1	0.035	0.489
GVM629	1	2	0.021	0.477
GVM629	2	3	0.038	0.657
GVM629	3	4	0.006	0.156
GVM629	4	5	0.021	0.686
GVM629	5	6	0.024	0.592
GVM629	6	7	0.022	0.277
GVM629	7	8	0.016	0.619
GVM629	8	9	0.026	0.812
GVM629	9	10	0.021	0.569
GVM629	10	11	0.036	0.628
GVM629	11	12	0.019	0.430
GVM629	12	13	0.016	0.462
GVM629	13	14	0.026	0.857
GVM629	14	15	0.023	0.755
GVM630	0	1	0.037	0.703
GVM630	1	2	0.026	0.754
GVM630	2	3	0.019	0.668

GVM630	3	4	0.016	0.525
GVM630	4	5	0.011	0.315
GVM630	5	6	0.014	0.331
GVM630	6	9	0.009	0.196
GVM630	9	12	0.015	0.360

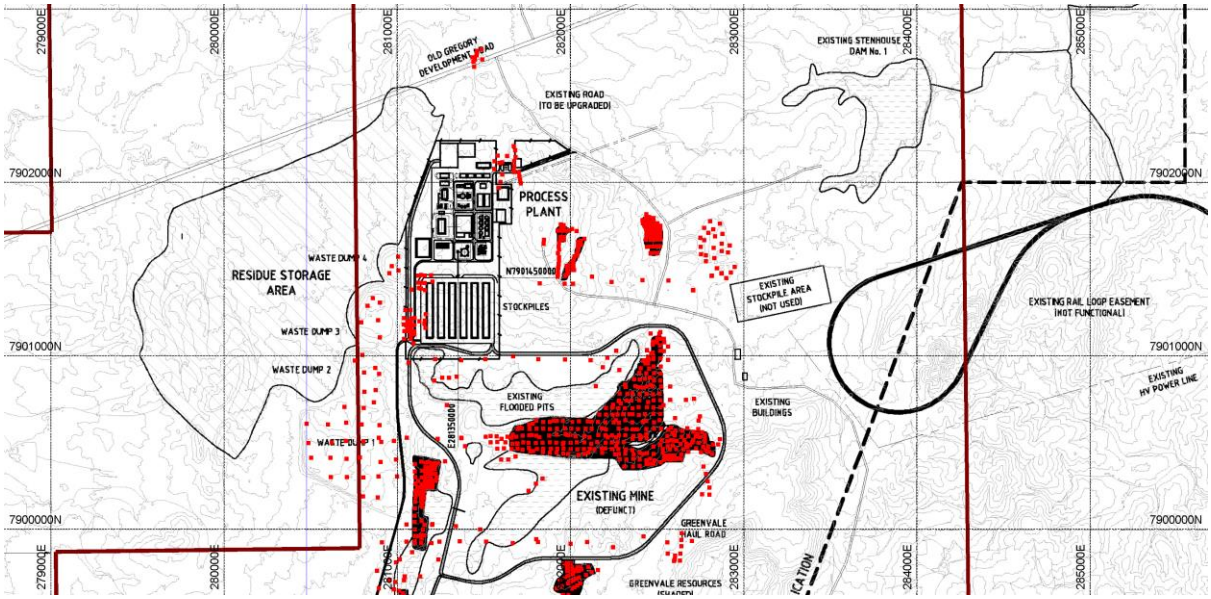

Figure 1: Drill hole location map for the Metallica Minerals sterilisation drill program for the Sconi Project. These holes, drilled via a series of programs between 2010 and 2012, were designed to confirm that the location of the then-proposed scandium processing plant was on barren ground with regards to scandium mineralisation. These drill holes, however, did intersect cobalt and nickel mineralisation being the focus of Australian Mines' Sconi Bankable Feasibility Study and off-take agreement with SK Innovation. The Company is, therefore, in the process of re-evaluating the location and layout of the full-scale cobalt-nickel-scandium processing plant, and associated non-processing infrastructure to ensure the final site design optimizes the project's future cobalt and nickel operations.

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Appendix 2: JORC Code, 2012 Edition

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30-g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Drilling was completed by Straits Resources in 2007 (141 RC holes for 5,935 metres) and Metallica Minerals in 2010-12 (641 RC holes for 16,841 metres). RC samples of 1 metre drill length were passed through a rig mounted cyclone and collected in large plastic bags positioned beneath the cyclone. Samples for dispatch to the analytical laboratory were collected by laying the sample bag on its side and using a long trowel ("spear"), with between 1.5 kg and 3 kg collected.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Drilling was Reverse Circulation (RC).
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Metallica Minerals' RC drilling generally used high air pressure to keep the lateritic samples dry and to maintain good sample recovery. Recovery in the mineralised intervals was deemed to be good to excellent. RC samples were not weighed and advice to the Competent Person was provided by former Metallica geological staff who were involved with the drilling.

Criteria	JORC Code explanation	Commentary
		Relationships between sample recovery and grade could not be determined without original sample weight data, however the Competent Person does not believe a material relationship exists.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	A Metallica Minerals geologist was present at all times during drilling and sampling. Metallica's geological logging protocols at the time were followed to ensure consistency in drill logs between the geological staff. RC chips were logged for weathering, lithologies (primary and proto), mineralogy, colour and grainsize. RC chip trays (with chips) were photographed. The interpreted weathering and fresh zone domains were also logged; ferruginous pisolite, limonite, saprolite, weathered ultramafic and fresh ultramafic. These logs were correlated with assays. The full sample lengths were logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	RC speared samples were dispatched to the analytical laboratory. The Competent Person considers the spear sampling method to be an appropriate sampling method, based upon testwork from the Kokomo deposit, to compare it with riffle split samples. Samples were dry. Field duplicates from RC samples were taken at a rate of 1:60, approximately 1 sample per drill hole. No field duplicate sample was taken if field XRF readings showed barred samples. Field duplicates were taken by spear method by the same sampler who took the original spear sample. No records were kept regarding the sample sizes for either the original or duplicate samples. A total of 351 field duplicate samples were taken.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Drill samples were originally sent to ALS (2007 drilling) and then to SGS (2010 drilling). Both labs conform to Australian Standards ISO9001 and ISO 17025. ALS samples were dried then pulverised in LM5 Mill to achieve a nominal 85% passing 75um. A pulp sample was then taken and split down to achieve a 0.5 g sample which was digested in a mixture of 3 acids (nitric, perchloric and hydrofluoric). The residue is then leached in hydrochloric acid and the solution's elemental concentrations determined by Inductively Coupled Plasma Atomic Emission Spectrometry (ICPAES). Internal standards were used to monitor Quality Control. SGS samples followed a similar sub-sampling process. The pulp sample is digested in 4-acid to effect as near to total solubility of the metals as possible, with the solution presented to an ICP for element quantification. The processes are considered total. Metallica Minerals used 5 Certified Reference Materials (CRMs) to monitor the accuracy of the metal analyses. The CRMs were certified for Ni, Cu and Zn, but not for Fe, Mg, Sc or Co. Ni displayed reasonable precision and accuracy with the exception of one CRM, which showed a low bias. Field duplicates (n=351) are discussed in Sub-sampling section. Selected pulps from the 2007 program (n=109), originally assayed by SGS, were sent to ALS lab for umpire analyses in 2010. Results for Ni, Co and Sc are considered by the Competent Person to be good. The QAQC procedures and results show acceptable levels of accuracy and precision were established.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	Australian Mines geological personnel independently reviewed selected RC drill intersections

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Australian Mines geological personnel also verified their suitability to be included in the estimation of Mineral Resources. The mineralisation is not visual and any significant intersections are apparent from the sample analyses. There are no twinned diamond / RC hole pairings. RC drill hole collars were surveyed in the field with a hand-held GPS unit, and the surveyed coordinates (easting and northing) were within 10 m of the coordinates surveyed by DGPS.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	All drill holes drilled by Metallica Minerals were surveyed by independent surveying companies, using DGPS to provide accurate surveyed coordinates. Down hole surveys were not required due to the shallow depths of most holes. All grid coordinates are in Map Grid of Australia (MGA) coordinates, with the grid being MGA Zone 55 South. The topographic Digital Terrain Model (DTM) was prepared using data sourced from WorldView-2 satellite imagery dated December 2010. A 1 m contour file was created in ER Mapper and imported into Vulcan to model a DTM, and was considered adequate to constrain the block model and Mineral Resource estimate for Sconi.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Several sets of drill spacing are noted at Sconi. The broadest scale of drilling is 480 m (EW) by 80 m (NS), with closer spaced drill grids of 40 m (EW) by 40 m (NS), and 20 m (EW) by 20 m (NS). The local drill grids played a key role in the classification of the Mineral Resources, and therefore the Competent Person considers the data spacing to be sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource classification categories adopted for Sconi. Samples were not composited at the sampling stage.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drill holes were drilled vertically which is considered to minimize any potential sampling bias with the host lithology. Any sampling bias resultant from the orientation of drilling and possible structural offsets of mineralisation is considered to be minimal.
Sample security	• *The measures taken to ensure sample security.*	Drill samples were under the care and supervision of Straits or Metallica Minerals staff at all times until transportation by local couriers to the analytical laboratories in Townsville.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	The drilling procedures, sampling methodologies, sample analyses and the drill hole database were audited by Golder Associates (Golder) in 2010 as part of the 2010 Mineral Resource estimate. CSA Global carried out a high level and did not note any material deficiencies in the quality of work undertaken during Metallica's work programs. CSA Global focused on the spear sampling methodology employed by Metallica and consider the spear sampling was carried out to a high level, ensuring a representative sample was obtained from each 1 m drill interval.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	All the tenements within the Sconi Project are 100% held by Australian Mines via is wholly owned subsidiary company. All the tenements are in good standing with no known impediments.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Metallica Minerals commenced exploration in 1997 in areas known to have nickel laterites. For most of its deposits, the previous exploration was limited and has not been used for resource evaluation purposes. At Lucknow and Greenvale early exploration drilling is available and Greenvale has subsequently been mined. This early exploration data was first used by Straits Resources to undertake an exploration programme for scandium.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The deposits are nickel laterites developed by weathering processes over fragments of ultramafic basement rocks. Nickel, cobalt and scandium have been enriched from the basement rocks by both residual and supergene processes.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Refer to Appendix 1 of this report.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	This report details the complete, individual sample-metres for the sterilisation drilling at Sconi. Thus, no upper or lower cuts have been applied. No metal equivalents have been used in this report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All holes were drilled vertically, and as the laterite sequence is close to flat-lying, the intersected widths of cobalt and nickel mineralisation approximate true widths.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The reported results reflect a full range of intersected widths and, cobalt and nickel grades.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Other exploration data collected by the company is not considered as material to this report at this stage. Further data collection will be reviewed and reported when considered material.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Australian Mines is preparing to undertake a 50,000 metre Resource expansion drill program at Sconi in June 2018.

Appendix 3: Competent Person's 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.

Information in this report that relates to Sconi 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 is appears.