

27 June 2018

Resource expansion drill program commenced at Sconi Project

HIGHLIGHTS

- **50,000 metre Mineral Resource expansion drilling program commenced at Sconi Cobalt-Nickel-Scandium Project in northern Queensland**
- **Targeting additional tonnage and high-grade cobalt & nickel zones along strike of the existing Mineral Resource**
- **Regional-scale prospective geology within Australian Mines' tenements remains available for potential conversion into additional resources**

Australian Mines Limited ("Australian Mines" or "the Company") (Australia ASX: *AUZ*; USA OTCQB: *AMSLF*; Frankfurt Stock Exchange: *MJH*) is pleased to announce it has commenced a 50,000-metre Reverse Circulation (RC) drill program at the Sconi Cobalt-Nickel-Scandium Project in northern Queensland.

The close-spaced RC program has been designed to lift the overall tonnage of the Project's existing Mineral Resource¹, and to confirm high-grade zones of cobalt and nickel mineralisation identified within the overall deposit, which would allow Australian Mines to further optimise its proposed production from Sconi to capitalise on buoyant commodity price trends.

The detailed planning for this program has been completed in the context of the Bankable Feasibility Study optimisation process and will further explore the potential of the regional-scale areas of prospective geology beyond the existing Resource footprint at the Project.

¹ 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.



The exploration modelling completed to date by the Company's technical team indicates that less than half of the prospective cobalt and nickel-bearing geology at Sconi has been drill tested at a spacing that allows it to be incorporated in current Mineral Resource² estimates.

Australian Mines Managing Director Benjamin Bell commented: *"This drill program represents a significant investment by Australian Mines in building the tonnage and understanding of the resources at Sconi, and will enable us to maximise the economic return from the Project."*

"The existing global Mineral Resource for Sconi is contained within three deposits and the planned drilling is focused on extending the mineralisation at each of these in a manner that is expected to immediately add to the project's Measured and Indicated Resources in a form that can be readily converted to an Ore Reserve in the future for the mining operation."

"We have also recently added to our large land holding at Sconi through a new tenement covering 272 square kilometres, which is considered prospective for mineralisation in its own right. This sees Australian Mines' total landholding at Sconi approaching 2,000 square kilometres."

² See Australian Mines Limited's announcement to the ASX dated 31 March 2017 for further details on the Sconi Project. 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.



Figure 1: Australian Mines' Mineral Resource expansion drilling has now commenced at its 100%-owned Sconi Project in northern Queensland. This reverse circulation (RC) drill program comprises approximately 50,000 metres of drilling and is designed to extend the mineralisation of the three deposits that form the Company's Sconi Project.



Figure 2: The *Greenvale deposit* - one of three deposit that comprise Australian Mines' Sconi Project. Areas of the proposed Mineral Resource expansion drilling are shaded in red. Outline of the current Mineral Resource is shaded in blue. The Greenvale mine complex contains multiple zones of cobalt and nickel mineralisation within Australian Mines' 100%-owned granted Mining Lease. The majority of these cobalt and nickel zones have only been sparsely drill tested and mineralisation remains open to extensional drilling. Australian Mines believes higher grade ore may still be available to add to the existing Mineral Resource, with the zones being targeted with this program showing strong potential.

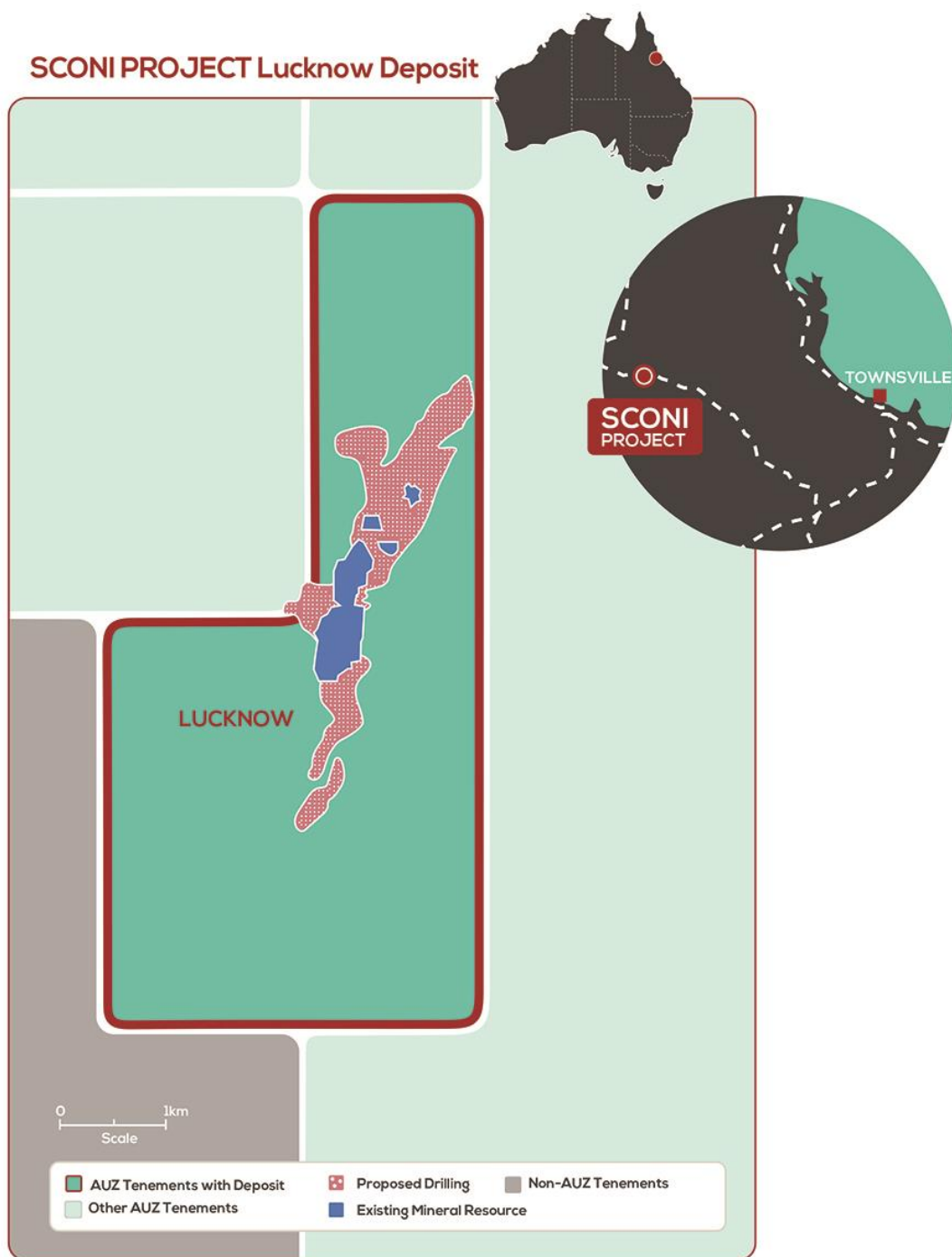


Figure 3: The *Lucknow deposit* - another of the deposits that comprise Australian Mines' Sconi Project. Areas of the proposed Mineral Resource expansion drilling are shaded in red. Outline of the current Mineral Resource is shaded in blue. Australian Mines believes the *Lucknow deposit* has potential to add significantly to the existing Mineral Resource. The exploration program designed for the Company's Lucknow tenements covers an area which is almost three times larger than the current identified resource area.

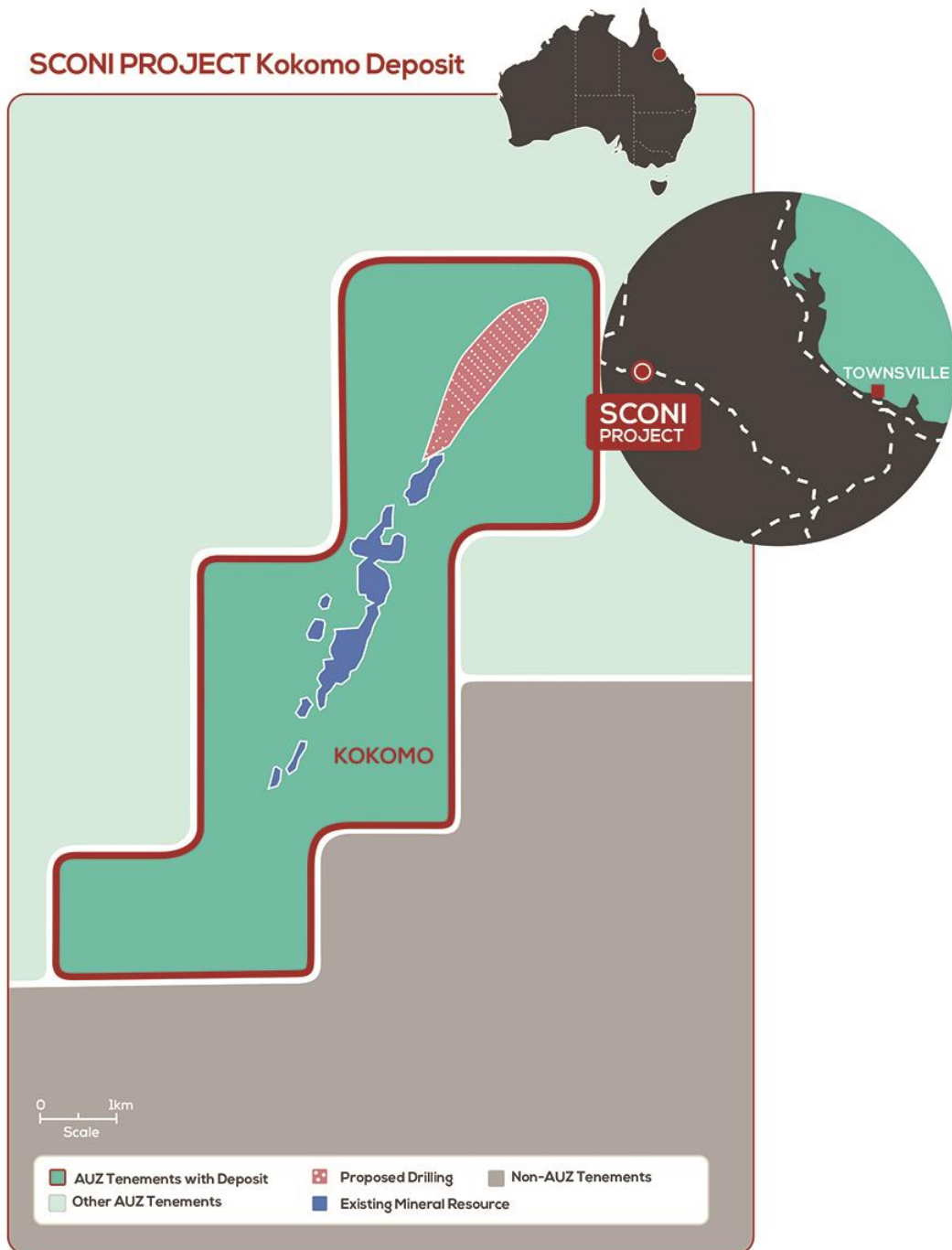


Figure 4: The *Kokomo deposit* – the third of the deposits that comprise Australian Mines’ Sconi Project. Areas of the proposed Mineral Resource expansion drilling are shaded in red. Outline of the current Mineral Resource is shaded in blue. The Kokomo deposit is located to the north of the Greenvale deposit, where high-grade cobalt, nickel and scandium mineralisation has been demonstrated from previous testing. The deposit has a 2.5-kilometre-long extension of the same host rock sequence to the north and the drill program will be concentrated along this potential strike length with the aim of extending the current resource area.

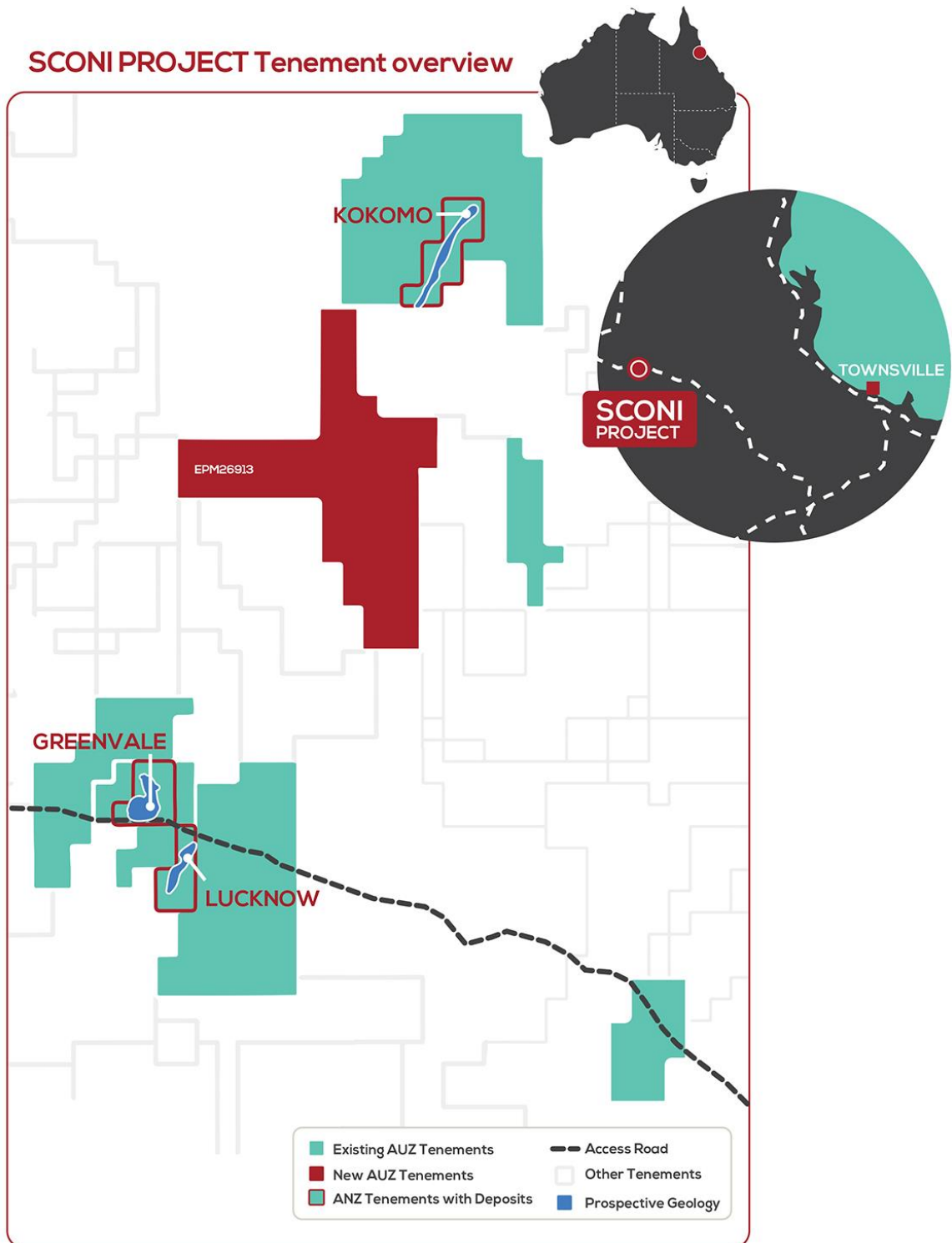


Figure 5: Overview of the tenements at Australian Mines' Sconi project including the new exploration tenement shaded in red.

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