

14 November 2018

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Email: listingscomplianceperth@asx.com.au

ASX aware letter

Australian Mines Limited ("**Australian Mines**" or the "**Company**") (AUZ: ASX) refers to the letter from ASX dated 12 November 2018 ("**ASX Letter**") and responds as follows.

Except to the extent otherwise stated, defined terms have the same meaning as in the ASX Letter.

- 1. When did AUZ enter into the research partnership with the Amrita Centre? In answering this question, please detail the date and time that AUZ executed any relevant documentation or otherwise agreed the research partnership.**

The Company entered into the research partnership with the Amrita Centre on 15 December 2017 ("Partnership Agreement").

- 2. Does AUZ consider its entry into the research partnership with the Amrita Centre ("Relevant Information") to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No

- 3. If the answer to question 2 is "yes", please advise the basis for that view.**

Not applicable

- 4. If the answer to question 2 is "no", please advise the basis for that view.**

Under the terms of the Partnership Agreement, the Amrita Centre is to conduct research into the potential applications for scandium-magnesium alloys in mainstream passenger vehicles and assess the potential for this new class of metal hydride batteries to be used for storage of hydrogen to provide a practical solution to the increasing demand for technologies that can effectively store large amounts of hydrogen for higher energy use applications in heavy transport.

The research comprises an initial theoretical component and, if the results of that theoretical component were positive, a subsequent experimental component.

Although the Partnership Agreement was entered into in December 2017, the Company formed the view that without any indication that the research would work from a theoretical perspective, entry into the agreement alone was not information that a reasonable person would expect to have a material effect on the price or value of its securities.

- 5. If AUZ first became aware of the Relevant Information before the Announcement, did AUZ make any announcement prior to the release of the Announcement which disclosed the Relevant Information? If so, please provide details. If not, please explain why the Relevant Information was not released to the market at an earlier time, commenting specifically on when you believe AUZ was obliged to release the Relevant Information under Listing Rules 3.1 and 3.1A and what steps AUZ took to ensure that the Relevant Information was released promptly and without delay.**

As stated in the response to question 4 above, the Company formed the view that without any indication that the research would work from a theoretical perspective, entry into the agreement alone was not information that a reasonable person would expect to have a material effect on the price or value of its securities and therefore not information that the Company was obliged to release under Listing Rules 3.1 and 3.1A.

However, on 1 November 2018, the Company was informed that the results of the theoretical component of the research was sufficiently positive to warrant progressing to the experimental stage. It was at this point in time that the Company formed the view that the partnership with the Amrita Centre may be information that a reasonable person would expect to have a material effect on the price or value of its securities, albeit that the research may or may not lead to commercial applications for scandium. As a result, the Company took the necessary steps to ensure that the Relevant Information was released promptly and without delay in the Announcement in accordance with Listing Rule 3.1.

- 6. At the time of the Twitter Post, was AUZ aware of any information concerning it that had not been announced to the market but was required to be announced pursuant to its continuous disclosure obligations under Listing Rule 3.1?**

No.

- 7. If the answer to question 6 is “yes”, please:**
- a. detail that information;**
 - b. explain why that information hadn’t yet been announced to the market under Listing Rule 3.1; and**
 - c. advise when that information was announced to the market.**

If the response to this query is “yes”, please detail those policies and procedures, and the means by which AUZ monitors compliance with those policies and procedures. If the response to this query is “no”, please explain why AUZ does not have such policies, procedures and compliance monitoring in place.

Not applicable.

8. Is AUZ currently relying on Listing Rule 3.1A not to announce information to the market under Listing Rule 3.1A?

Yes.

9. If the answer to question 8 is “yes, please:

a. detail that information;

The Company is in the final stages of finalising its Bankable Feasibility Study in relation to the Sconi Project (BFS).

b. explain the basis by which AUZ is entitled to rely on Listing Rule 3.1A not to announce that information; and

The Company is still in the final stages of finalising its BFS and the resulting announcement and accompanying investor presentation to the market (BFS Announcements). The information contained in both the BFS and the BFS Announcements remains incomplete and confidential.

The Company will ensure to release the BFS Announcements to the market as soon as it has been approved by the board and ASX.

c. advise when that information is expected to be announced to the market under Listing Rule 3.1.

In accordance with previous correspondence with the ASX, the Company anticipates being able to provide a draft of the BFS Announcements to ASX on or about 14 November 2018.

10. Please explain the basis for publishing the Twitter Post.

Recognising that investors appreciate being kept informed about the companies that are invested in, as well as having easy access to general industry news, in June 2018 Australian Mines increased its digital presence by launching on Twitter for the purposes of providing non-price sensitive updates and information to interested parties in an informal manner.

The Twitter Post in question was published for this purpose; namely to inform stakeholders that the Company is continuing to maintain its relationship with SK innovation, particularly given the ongoing nature of the binding off-take agreement between the parties and the importance of that relationship to the development of the Sconi Project.

11. Who prepared and/or provided the content (including the image) of the Twitter Post?

Mr Benjamin Bell, Managing Director of Australian Mines

12. Who authorised the publication of the Twitter Post?

Mr Benjamin Bell, Managing Director of Australian Mines and Mr Oliver Carton, Company Secretary of Australian Mines

13. Did Mr Benjamin Bell attend the building pictured in the Twitter Post to meet with a representative of SK Innovation or an affiliated entity?

Yes.

14. If the answer to question 13 is “yes”, please:

a. advise who Mr Bell met with;

Mr Bell met with Senior Manager Lee, a representative of SK innovation’s Battery Division

b. advise the reason for the meeting;

The purpose of the meeting was to discuss the logistics of a dinner at the residence of the Australian Ambassador to Korea, Mr James Choi to be attended by the Premier of Queensland and Minister for Trade the Hon. Anastacia Palaszczuk MP, Mr Bell and a senior representative of SK innovation.

c. advise whether the meeting discussed any confidential information about AUZ and its business, including regarding the status and/or content of the bankable feasibility study that AUZ is currently preparing and is yet to finalise; and

The conversation between the Australian Mines and SK innovation representatives were limited to the logistics for the dinner with the Australian Ambassador and Premier of Queensland, including who from SK innovation would be attending this function. There was also some minor discussion regarding the enormous number of Starbuck coffee houses in Korea compared to Australia, and the difference between Japanese and Korean architecture across Seoul. The topic of weather was also raised as Mr Bell arrived at the meeting without an umbrella and it was expected to rain in Seoul that afternoon.

d. detail a summary of the discussions had in the meeting.

Please refer our response to question 14(c) above.

15. If Mr Bell met with a representative of SK Innovation and discussed confidential information about AUZ and its business, please explain the basis for AUZ publicising the meeting with the Twitter Post.

The Company confirms that Mr Bell did not meet with a representative of SK innovation to discuss confidential information. It is difficult to understand how a picture of SK Innovation’s building in Korea with the caption in question would lead to an inference that Australian Mines was publishing that Mr Bell was there discussing unpublished confidential price sensitive information, let alone what that information

was.

As stated in our response to question 10, the purpose of publishing the Twitter Post was to inform stakeholders that the Company is continuing to maintain its relationship with SK innovation, particularly given the ongoing nature of the binding off-take agreement between the parties and the importance of that relationship to the development of the Sconi Project. Such use of social media is common for listed entities.

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

Yes.

17. Please confirm that AUZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy, or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

Yours faithfully



Oliver Carton
Company secretary



12 November 2018

Mr Oliver Carton

Australian Mines Limited
Level 6, 66 St Georges Terrace
PERTH WA 6000

By email

Dear Mr Carton

Australian Mines Limited (“AUZ”): ASX Aware Letter

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

- A. AUZ’s announcement entitled “Off-take agreement term sheet with electric vehicle battery manufacturer for 100% cobalt and nickel production from Sconi Project” released on the ASX Market Announcements Platform (“MAP”) on Monday, 19 February 2018, disclosing, amongst other things, entry by AUZ into an off-take agreement with SK Innovation.
- B. The post published on Twitter at 1.17pm Perth time on Thursday, 1 November 2018 by AUZ’s Twitter account (@AUZMines) (“Twitter Post”) which stated the following.

“Eye spy, with my little eye, I wonder where Ben is off to today...
#AllGoodThingsComeToThoseWhoWait

[image of a building with SK Holdings’ (parent entity of SK Innovation) logo above the entrance]”
- C. The change in the price of AUZ’s shares from a closing price of \$0.039 on Thursday, 1 November 2018, to an intra-day high of \$0.05 and a closing price of \$0.047 on Friday, 2 November 2018.
- D. AUZ’s announcement entitled “Australian Mines takes lead on scandium R&D for next generation of battery storage technology” (“Announcement”) lodged on the MAP at 12.10am Sydney time and released at 9.33am Sydney time on Friday, 2 November 2018, disclosing that AUZ had entered into a research partnership with the Amrita Centre for Research and Development’s Centre of Excellence in Advanced Materials and Green Technologies (the “Amrita Centre”).
- E. Section 1041F of the *Corporations Act 2001* (Cth) (“Act”) which, amongst other things, prohibits a person from inducing another person to deal in financial products “by making or publishing a statement, promise or forecast if the person knows, or is reckless as to whether, the statement is misleading, false or deceptive”.
- F. Section 1041H of the Act which, amongst other things, prohibits a person from engaging in “conduct, in relation to a financial product or a financial service, that is misleading or deceptive or is likely to mislead or deceive.”
- G. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

H. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

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

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

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

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

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

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

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

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

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

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

Having regard to the above, ASX asks AUZ to respond separately to each of the following questions and requests for information.

1. When did AUZ enter into the research partnership with the Amrita Centre? In answering this question, please detail the date and time that AUZ executed any relevant documentation or otherwise agreed the research partnership.
2. Does AUZ consider its entry into the research partnership with the Amrita Centre (“Relevant Information”) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “yes”, please advise the basis for that view.
4. If the answer to question 2 is “no”, please advise the basis for that view.
5. If AUZ first became aware of the Relevant Information before the Announcement, did AUZ make any announcement prior to the release of the Announcement which disclosed the Relevant Information? If so, please provide details. If not, please explain why the Relevant Information was not released to the market at an earlier time, commenting specifically on when you believe AUZ was obliged to release the Relevant Information under

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- Listing Rules 3.1 and 3.1A and what steps AUZ took to ensure that the Relevant Information was released promptly and without delay.
6. At the time of the Twitter Post, was AUZ aware of any information concerning it that had not been announced to the market but was required to be announced pursuant to its continuous disclosure obligations under Listing Rule 3.1?
 7. If the answer to question 6 is “yes”, please:
 - a. detail that information;
 - b. explain why that information hadn’t yet been announced to the market under Listing Rule 3.1; and
 - c. advise when that information was announced to the market.
 8. Is AUZ currently relying on Listing Rule 3.1A not to announce information to the market under Listing Rule 3.1A?
 9. If the answer to question 8 is “yes, please:
 - a. detail that information;
 - b. explain the basis by which AUZ is entitled to rely on Listing Rule 3.1A not to announce that information; and
 - c. advise when that information is expected to be announced to the market under Listing Rule 3.1.
 10. Please explain the basis for publishing the Twitter Post.
 11. Who prepared and/or provided the content (including the image) of the Twitter Post?
 12. Who authorised the publication of the Twitter Post?
 13. Did Mr Benjamin Bell attend the building pictured in the Twitter Post to meet with a representative of SK Innovation or an affiliated entity?
 14. If the answer to question 13 is “yes”, please:
 - a. advise who Mr Bell met with;
 - b. advise the reason for the meeting;
 - c. advise whether the meeting discussed any confidential information about AUZ and its business, including regarding the status and/or content of the bankable feasibility study that AUZ is currently preparing and is yet to finalise; and
 - d. detail a summary of the discussions had in the meeting.
 15. If Mr Bell met with a representative of SK Innovation and discussed confidential information about AUZ and its business, please explain the basis for AUZ publicising the meeting with the Twitter Post.
 16. Please confirm that AUZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 17. Please confirm that AUZ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AUZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 4.30 pm Perth time on Thursday, 15 November 2018.**

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at listingscomplianceperth@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AUZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AUZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AUZ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter and may require AUZ to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We will require the request for the trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you do not respond to this letter by the deadline set out above or if ASX does not consider your response to be satisfactory, ASX is likely to suspend trading in AUZ's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Ben Secrett
Principal Adviser, Listings Compliance (Perth)