

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AUSTRALIAN MINES LIMITED – AUZ

ABN

68 073 914 191

Quarter ended (“current quarter”)

31 December 2018

Consolidated statement of cash flows	Current quarter \$A	Year to date (6 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,017,914)	(3,606,723)
(b) development	(1,375,094)	(2,523,421)
(c) production	-	-
(d) staff costs	(515,819)	(998,378)
(e) administration and corporate costs	(825,154)	(2,323,470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	943	3,703
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	293,970
1.8 Other (provide details if material)	107	(4,752)
1.9 Net cash from / (used in) operating activities	(3,732,931)	(9,159,071)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(31,919)	(59,371)
(b) tenements (see item 10)	(3,400,000)	(4,010,000)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A	Year to date (6 months) \$A
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,431,919)	(4,069,371)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	860,000
3.2	Proceeds from issue of convertible notes	-	4,500,000
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(105,070)	(529,626)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(105,070)	4,830,374

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,856,477	8,984,625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,732,931)	(9,159,071)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,431,919)	(4,069,371)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(105,070)	4,830,374
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	586,557	586,557

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1 Bank balances	586,557	7,856,477
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Security bond, restricted	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	586,557	7,856,477

Subsequent to the quarter ended 31 December 2018, Australian Mines has taken receipt of \$1.9 million R&D tax rebate (per Australian Mines' announcement on 15 January 2019) and a \$545,000 GST refund.

Together with the \$586,000 cash on hand at 31 December 2018, this provides Australian Mines with approx. \$3 million to meet all forecast operating costs and other cash outflows associated with the coming quarter. Australian Mines could also of course defer some discretionary expenditure.

Termination of the Bergen Convertible Note agreement, as announced by Australian Mines earlier this month, has also freed up the Company's ASX Listing Rule 7.1 placement capacity.

As stated in the ASX announcement dated 19 February 2018, Australian Mines has entered into an off-take agreement with SK Innovation related to the Sconi Project in Queensland, Australia. This agreement includes an option, which is subject to shareholder approval, for the issue of up to 669 million shares with an exercise price of 12 cents per share. If exercised by SK Innovation, this could result in a cash injection into Australian Mines during the current (March 2019) quarter of up to \$80 million.

6. Payments to directors of the entity and their associates

	Current quarter \$A
6.1 Aggregate amount of payments to these parties included in item 1.2	330,259
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Executive and non-executive wages, director's fees and superannuation.

7. Payments to related entities of the entity and their associates	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Australian Mines notes that Year to date total payments to Terrain Capital, an entity related to Mr Ramsden and Mr Marinelli, of \$71,256, which relate to the IPO of Norwest Minerals Limited

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A
9.1 Exploration and evaluation	-
9.2 Development	1,213,812
9.3 Production	-
9.4 Staff costs	292,606
9.5 Administration and corporate costs	434,854
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,941,272

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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Benjamin Bell
(Director)

Date: 30 January 2019

Print name: Benjamin Bell

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.