

21 February 2019

Sconi Off-take Update

Advanced battery materials developer, Australian Mines Limited (“**Australian Mines**” or “the **Company**”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) advises that the negotiations with SK Innovation on the long-form off-take contract for the sale and purchase of battery-grade cobalt sulphate and nickel sulphate to be produced from the Company’s Sconi Cobalt-Nickel-Scandium Project in North Queensland are continuing in line with the off-take term sheet signed by both parties in early 2018¹.

Under the off-take term sheet, SK Innovation will purchase 100% of the battery-grade cobalt sulphate and nickel sulphate produced from Australian Mines’ wholly-owned Sconi Project for an initial seven-year period, with an option to extend the agreement for a further six years.

According to the recently released Bankable Feasibility Study (BFS)², this equates to revenue of \$512 million per year in average annual sales of cobalt sulphate and nickel sulphate.

Previously, SK Innovation was entitled to a commercial-in-confidence buyer discount on the base price, provided it exercised an option to subscribe for 669 million Australian Mines ordinary shares at \$0.12 per share by 20 February 2019, being three months following the release of the BFS³ for the Sconi Project. SK Innovation has not exercised this option. With the expiry of the option, SK Innovation’s entitlement to this buyer’s discount has also expired.

*****ENDS*****

For further information:

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¹ Australian Mines, AUZ reaffirms binding off-take agreement for Sconi Project, released 6 March 2018

² Australian Mines, BFS supports strong commercial case for developing Sconi, released 20 November 2018

³ Australian Mines, BFS supports strong commercial case for developing Sconi, released 20 November 2018