

15 July 2020

## Queensland Government offers support to Sconi Project

Advanced battery materials development company Australian Mines Limited (“Australian Mines” or “the Company”) (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) is pleased to advise that the Queensland Government has offered a conditional financial support package to Australian Mines’ 100% owned Sconi Cobalt-Nickel-Scandium Project (“Sconi” or “Sconi Project”) in North Queensland.

The Sconi Project, when fully developed, is forecast to be one of the most cost competitive, cobalt producing, nickel operations in the world<sup>1</sup>. Australian Mines has already processed ore from Sconi to create samples of battery grade, cobalt sulphate and nickel sulphate that met the standard required for use in the electric vehicle (EV) and energy storage industries.

The support package for the Sconi Project is subject to certain conditions, which include Australian Mines:

- executing an offtake agreement by 30 September 2020 for 100% of the nickel sulphate and cobalt sulphate to be produced from the Sconi Project on terms acceptable to the State;
- delivering a detailed project execution plan, including dates for achievement of all milestones, and obtaining the State’s approval for such a plan by 30 September 2020;
- obtaining sufficient approved financing for construction of the Sconi Project and making a final investment decision by 31 December 2020;
- appointing an engineering, procurement and construction management contractor for the project by 31 December 2020;
- achieving construction completion of the Sconi Project by 30 July 2023;
- employing at least 191 people in Queensland (on a full-time and ongoing basis) by 30 June 2024 and maintaining that number for the duration of the Agreement; and

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<sup>1</sup> Australian Mines Limited, Independent market study places Sconi in the 1<sup>st</sup> quartile of cost curve for global cobalt sulphate and nickel sulphate production, released 12 February 2019

- engaging, as independent contractors, at least 57 full-time additional people working directly in connection with the Sconi Project from 30 June 2024.

If Australian Mines achieves the conditions, the support package would be made available through the Jobs and Regional Growth Fund managed by Queensland's Department of State Development, Tourism and Innovation. The Jobs and Regional Growth Fund is an initiative to increase private sector investment in Queensland and create jobs across the State.

The offer of this financial support package follows the Queensland Government's decision, in 2019, to grant Sconi 'Prescribed Project' status. Being a prescribed project allows for a smooth and methodical development of Sconi by assisting the project with approvals timeframes.

Australian Mines views the terms of the proposed financial support package and the timetable to meet them as being consistent with the Company's current expectations for the development milestones at Sconi. As part of the project's development, Australian Mines is committed to significantly upgrading both public use and shared infrastructure in the region. The company has a target of allocating 90% of operational expenditure for the life of the Sconi Project to local businesses to support jobs and help grow the local economy.

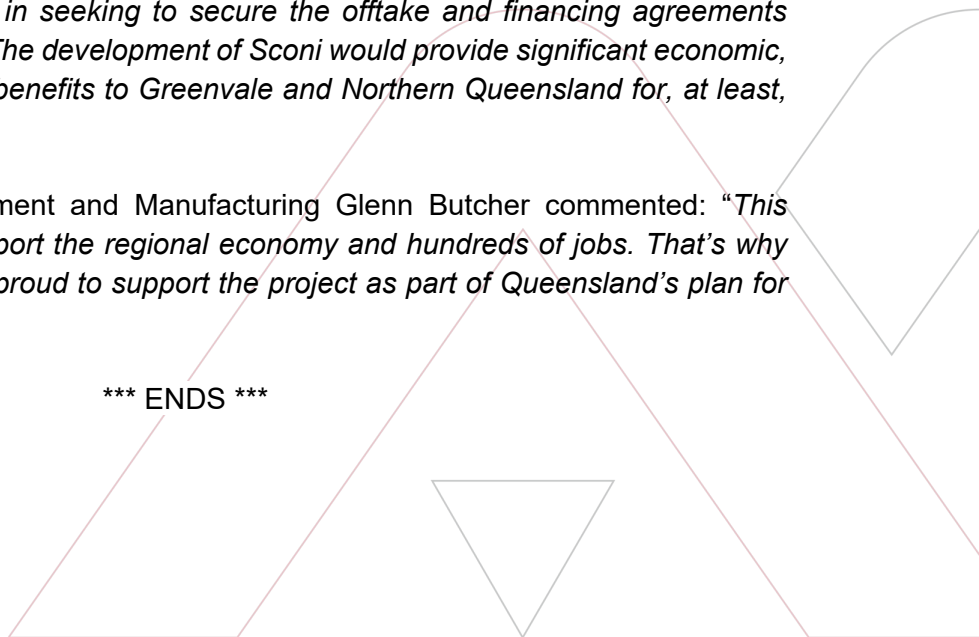
Australian Mines Managing Director, Benjamin Bell, commented: *"I am highly appreciative of the Queensland Government's offer to broaden its ongoing support of the Sconi Project. Having the opportunity to access state funding for Sconi, sends a strong message about the quality of the project and Australian Mines' ability to progress its development, despite the broader economic uncertainty being caused by the COVID-19 pandemic."*

*Australian Mines takes the view this financial support package is evidence the Queensland Government is not letting up on doing the hard work to create jobs and promote economic growth across the state by offering every assistance they can to projects like Sconi. We also believe the timetable and terms are aligned with Australian Mines' expectations for the development of Sconi at this stage.*

*We are making good progress in seeking to secure the offtake and financing agreements needed to access this funding. The development of Sconi would provide significant economic, employment and infrastructure benefits to Greenvale and Northern Queensland for, at least, the next three decades."*

Minister for Regional Development and Manufacturing Glenn Butcher commented: *"This project has the potential to support the regional economy and hundreds of jobs. That's why the Palaszczuk Government is proud to support the project as part of Queensland's plan for economic recovery."*

\*\*\* ENDS \*\*\*



This ASX announcement has been approved and authorised for release by Benjamin Bell,  
Managing Director of Australian Mines Limited.

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## Media release

Premier and Minister for Trade  
The Honourable Anastacia Palaszcuk

15 July 2020

### **Cobalt and nickel mine to power job creation in North Queensland**

The proposed \$1.5 billion Sconi cobalt and nickel mine supporting 700 jobs is a step closer thanks to support from the Palaszcuk Government's \$175 million Jobs and Regional Growth Fund.

Premier Anastacia Palaszcuk said as economies around the world dealt with the global coronavirus pandemic, Queensland's continued health response meant the state's plan for economic recovery had already started.

"Part of that plan is supporting the resources industry," the Premier said.

"That's what's our support for Sconi is all about.

"Supporting this project supports North Queensland's resources industry and supports North Queensland jobs.

"This project will support an estimated 500 jobs over a two-year construction period and create 289 long-term positions once fully operational."

Member for Townsville Scott Stewart said the wider North Queensland region would benefit.

"Not only do you have the jobs at the mine site, you have all the supply chain opportunities," Mr Stewart said.

"The Greenvale community and its local economy and further down the pipeline to Townsville will see an estimated increase in Gross Regional Product by \$2.2 billion over the life of the mine.

"That's important for local manufacturers and local manufacturing jobs."

Minister for Regional Development and Manufacturing Glenn Butcher said minerals from the Sconi mine could go to powering the next generation of electric vehicles or used in our high-value aerospace sector.

"This project has the potential to support the regional economy and hundreds of jobs," the Minister said.

“That’s why the Palaszczuk Government is proud to support the project as part of Queensland’s plan for economic recovery.”

Australian Mines is an ASX-listed resource company focusing on the production and supply of battery and technology metals for global markets.

Managing Director of Australian Mines Mr Benjamin Bell said the Sconi Project will feature a two-million-tonne per annum ore processing plant producing an estimated 7000 tonnes of cobalt sulphate and 46,800 tonnes of nickel sulphate per year over the mine’s initial 30-year life.

“Australian Mines expects there will be growing international demand for nickel and cobalt as car manufacturers are increasingly active in securing future supply chain requirements to meet their forecast electric vehicle commitments,” Mr Bell said.

On 25 January 2019, the Sconi Project was declared a prescribed project to assist streamlining the approvals process and fast-track the delivery of the project.

Subject to a financial investment decision, Australian Mines anticipates that the Sconi Project mine will commence operations in 2023.

The Jobs and Regional Growth Fund support remains conditional on securing offtake agreements with interested global battery metals customers.

Assistance from the Jobs and Regional Growth Fund will contribute toward two stages of the project’s development, from preliminary works through to, and including, establishment of the mine and processing infrastructure works.

In addition to the large quantities of nickel and cobalt, the mine will extract approximately 89 tonnes of scandium oxide each year that has applications in the specialist aluminium sector including aerospace and automotive industries.

Learn more about how the government’s [Jobs and Regional Growth Fund](#) is supporting the state’s effort to unite and recover from the impacts of the pandemic and helping to drive Queensland’s economic recovery.

Queensland’s plan for economic recovery: *Unite and Recover for Queensland Jobs*, can be viewed [here](#).

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