

5 July 2018  
Australian Securities Exchange  
Exchange Plaza  
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PERTH WA 6000

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### ASX query

Australian Mines Limited (“**Australian Mines**” or the “**Company**”) (AUZ: ASX) refers to the letter from ASX dated 29 June 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. **In light of the Funding Comments being inconsistent with the Response, please explain the basis for Mr Bell making the Funding Comments in the Presentation.**

*The Response set out that the Company is in on-going discussions with SK Innovation regarding the associated financing for the Project in accordance with the off-take term sheet agreement. These discussions are incomplete and confidential at this stage.*

*The Comments of Mr Bell reflected his view of where those discussions, evolving from the initial off-take terms, were likely to lead even though they remained incomplete and confidential. The Company acknowledges that in this regard, the Funding Comments may have anticipated an outcome that has not yet been achieved and may in fact not be achieved.*

*The Company will provide further information to the ASX with respect to the discussions with SK Innovation as and when such information is available and in any event in accordance with the requirements of Listing Rule 3.1.*

2. **Does the board of directors of AUZ (“Board”) consider it appropriate for Mr Bell, as AUZ’s managing director, to disclose information which is inconsistent with AUZ’s understanding of the SK Position?**

**If the response is “yes”, please explain the basis for that response.**

No.

*As noted above, the views were Mr Bell’s interpretation of the likely outcome of the ongoing discussions with SK Innovation.*

*The Board acknowledges that such statements should not have been made unless and until the discussions with SK Innovation constituted a binding commitment for the funding of the Sconi Project in which circumstances disclosure to ASX should occur in accordance with the Listing*

*Rules.*

3. **What action does the Board intend to take to ensure that AUZ and its directors, employees, contractors or advisers do not disclose:**
- (a) **information which is inconsistent with AUZ's understanding of the SK Position;**
  - (b) **previously retracted information; and**
  - (c) **information for which AUZ has no Reasonable Grounds.**

*The Company is in the process of adopting a new continuous disclosure policy (**Revised Continuous Disclosure Policy**). This has been the subject of discussion and review by the Board of Directors over recent months and is now in a form that can be adopted by the Company.*

*Upon adoption of the Revised Continuous Disclosure Policy, the Board of Directors will initiate annual training to be undertaken by all Directors and Senior Management with respect to the new policy and with respect to its continuous disclosure obligations.*

*Further details on the Revised Continuous Disclosure Policy are set out in response to question 4 below.*

4. **Does AUZ have any corporate governance policies and procedures in place which govern the disclosure of information by AUZ and its directors, employees, contractors or advisers, and prevent the disclosure of information which is inconsistent with AUZ's understanding of a matter, has been previously retracted, or for which AUZ has no Reasonable Grounds?**

*Yes.*

**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.**

*The Company has in place an existing Continuous Disclosure Policy which sets out the policies and procedures in relation to disclosure of information to the market which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities and is publicly available on the Company's website.*

*The Company is in the process of adopting the Revised Continuous Disclosure Policy and as noted above, on adoption will initiate annual training regarding the policy and its continuous disclosure requirements.*

*Under the Revised Continuous Disclosure Policy the Board will appoint the Managing Director or in his or her absence the Company Secretary, to be the Company's disclosure officer. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the Listing Rules and overseeing, in conjunction with the directors, information disclosure to the ASX, analysts, shareholders, the media and the public. The disclosure officer will be the sole channel of communication with ASX, unless another person is authorised by the Board to do so.*

*The procedure to be adopted by the Company is that any information which may need to be*

*disclosed must be brought to the attention of the disclosure officer, who in consultation with the Board (where appropriate) and any other appropriate persons, will consider the information in light of the Company's continuous disclosure obligations and, where required, prepare an appropriate letter or announcement. This includes ensuring that all announcements comply with relevant reporting codes.*

*Any information to be disclosed at a Company presentation or briefing will be reviewed by the disclosure officer with sufficient time in advance of the event to evaluate any disclosure obligations. If possible, all briefings or presentations will be attended by no less than two Company representatives. The Company will not make public comment including to ASX on market rumours and speculation unless required to do so by law*

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

Yes.

- 6. 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

A handwritten signature in black ink, appearing to read 'Oliver Carton', written in a cursive style.

Oliver Carton  
Company secretary

29 June 2018

**Mr Oliver Carton**

Australian Mines Limited  
Level 1, 83 Havelock Street  
WEST PERTH WA 6005

By email

Dear Mr Carton

**Australian Mines Limited ("AUZ"): query letter**

ASX Limited ("ASX") refers to the following:

- A. The presentation given by AUZ's managing director, Mr Benjamin Bell, at the 121 Mining Investment London conference on 17 May 2018, a video of which has been published on YouTube ("Presentation"). In the Presentation, Mr Bell makes comments, amongst others, about AUZ's Sconi cobalt-nickel-scandium project ("Project") to the following effect ("Comments").
- That:
    - SK Innovation Co Ltd ("SK Innovation") are funding construction of the Project's plant;
    - SK Innovation are committed to financing the plant; and
    - it is a condition of the offtake agreement between AUZ and SK Innovation that SK Innovation has to fund the plant (together, the "SK Funding Comments").
  - That the Project's revenue is expected to be about \$400,000,000 per year, for a total value of the deal with SK Innovation of \$5,000,000,000 ("Forecast Financial Information Comments").
  - That the expected operating cost of the Project is around 220 to 250 per pound of nickel ("Opex Comments").
- B. AUZ's announcement entitled "Retraction of Forecast Financial Information Comments" released on the ASX Market Announcements Platform ("Platform") on 27 June 2018 ("Retraction") which contains the following statements.

*"Australian Mines Limited ("Australian Mines" or "the Company") (Australia ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) wishes to advise that to the extent the presentation made by the Company at a mining conference in London on 17 May 2018 contained forecast financial information (namely that the Projects revenue is expected to be about \$400 million per year for a total value of the deal with SK Innovation of \$5 billion ("Forecast Financial Information")), those comments were contrary to the requirements of the ASX Listing Rules and the Australasian Joint Ore Reserves Committee (JORC) Code. Australian Mines retracts the Forecast Financial Information.*

*Investors should not rely on the Forecast Financial Information information as a basis for an investment decision concerning the Company.*

*The Company acknowledges that it does not have a "reasonable basis" consistent with the requirements of ASIC Regulatory Guide 170 and Information Statement 214 for the Forecast Financial Information Comments."*

- C. AUZ's response to an ASX query letter released on the Platform on 27 June 2018 ("Response") which, amongst other things, contains the following statements regarding the SK Funding Comments and Forecast Financial Information Comments.

*"Consistent with the above:*

- *SK Innovation do not have an obligation to fund construction of the Project; and*
- *SK Innovation has not committed to financing the Project but has agreed to support activities associated with construction financing; and*
- *it is not a condition to the off-take agreement that SK Innovation fund the Project."*

(together, the "SK Position")

*"The inclusion of the Forecast Financial Information Comments is not consistent with the ASX Listing Rules and the JORC Code and the Company retracts that information."*

*"Furthermore, the Company acknowledges that it does not have a "reasonable basis" consistent with the requirements of ASIC Regulatory Guide 170 and Information Statement 214 for the Forecast Financial Information Comments.*

*The Board of Directors did not authorise the retracted information to be repeated in the Forecast Financial Information."*

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

1. In light of the Funding Comments being inconsistent with the Response, please explain the basis for Mr Bell making the Funding Comments in the Presentation.
2. Does the board of directors of AUZ ("Board") consider it appropriate for Mr Bell, as AUZ's managing director, to disclose information which is inconsistent with AUZ's understanding of the SK Position?  
  
If the response is "yes", please explain the basis for that response.
3. What action does the Board intend to take to ensure that AUZ and its directors, employees, contractors or advisers do not disclose:
  - (a) information which is inconsistent with AUZ's understanding of the SK Position;
  - (b) previously retracted information; and
  - (c) information for which AUZ has no Reasonable Grounds.
4. Does AUZ have any corporate governance policies and procedures in place which govern the disclosure of information by AUZ and its directors, employees, contractors or advisers, and prevent the disclosure of information which is inconsistent with AUZ's understanding of a matter, has been previously retracted, or for which AUZ has no Reasonable Grounds?  
  
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.
5. Please confirm that AUZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. 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.

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### 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 5.00pm AWST on Thursday, 5 July 2018**. If you do not respond to this letter in a manner satisfactory to ASX by this deadline, ASX will suspend trading in AUZ's securities under Listing Rule 17.3.

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 [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@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 the previous paragraph and may require AUZ to request a trading halt immediately.

Please contact me immediately if you have any queries about the above.

Yours sincerely

*[Sent electronically without signature]*

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**Ben Secrett**

Principal Adviser, Listings Compliance (Perth)