

3 October 2017

ASX: AUZ

## **Water licence secured for Flemington Cobalt-Scandium-Nickel Project, New South Wales**

- Australian Mines has secured a permanent water licence for the Flemington Cobalt-Nickel-Scandium Project in New South Wales
- Water licence is more than adequate to support a future mining and processing operation at Flemington, which is presently estimated at more than 30 years<sup>1</sup>
- Licence was an existing allocation, which Australian Mines purchased on open market meaning that any future mining operation at Flemington will have negligible impact on the region's water resources
- A Preliminary Environmental Assessment of the Flemington Project has been submitted to the Government of New South Wales representing another significant step forward in project development at Flemington

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**Managing Director Benjamin Bell commented,** *"Having now secured a permanent water allocation that will more than cover the current proposed scale and life of operations at the Flemington Project is another major step in progressing this project towards development."*

*"As this water licence was an existing allocation, which we purchased on the open market, a future mining operation at Flemington will have no impact on the total water usage by this region. This was a deliberate decision by Australian Mines as we seek to minimize our project's foot print in this rural community. For this reason, we are presently assessing renewable energy options, such as solar, to power any mining and processing operation on site".*

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<sup>1</sup> Australian Mines Limited, Technical Reports, released 31 March 2017

*“In addition to securing a permanent water allocation, we have now submitted our Preliminary Environmental Assessment report for Flemington to the State Government, which in its preparation, did not raise any red flags to developing this very promising cobalt-scandium-nickel project for Australian Mines.”*

*“The results of the recent resource extension drilling program re-affirmed that the mineralisation at Flemington is an extension of that found at the Syerston Project, with which it shares a tenement boundary, and that Flemington hosts a world-class deposit in its own right, able to produce cobalt sulphate and high-quality scandium oxide for global customers.”*

*“Meeting demand for battery and technology metals over coming decades represents a major opportunity; one which Australian Mines is well-positioned to capitalise on as it progresses both the Flemington Project and our flagship Sconi Cobalt-Nickel-Scandium Project in northern Queensland.”*

*“Australian Mines remains on track to complete the Bankable Feasibility Study on Sconi by the end of April 2018 and continues to advance Flemington towards a Pre-Feasibility Study scheduled to commence in the coming quarter.”*

*“We have ticked another box in our project development strategy by securing the water licence for Flemington and moved the Project closer to a green light in terms of the environmental approval process through the submission of the Preliminary Environmental Assessment.”*

**Australian Mines Limited** (“Australian Mines” or “the Company”) is pleased to announce that it has secured a water licence<sup>2</sup> for the Flemington Cobalt-Scandium-Nickel Project in the highly prospective Fifield district of central New South Wales.

This permanent water allocation is more than adequate to support the scale of mining and processing operation contemplated at Flemington across the entire life of operations, as set out in the highly positive Scoping Study<sup>3</sup> on the Project.

In addition to securing the water licence, Australian Mines has submitted a Preliminary Environmental Assessment (PEA) under the New South Wales’ Environmental Planning and Assessment Act.

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<sup>2</sup> Transfer of the licence to Australian Mines is subject to and conditional upon two standard approvals being:

- (a) the registration by the New South Wales Government Department of Land and Property Information of the vendor as the registered proprietor of the water licence pursuant to a family transfer; and
- (b) the approval of an application to be submitted shortly by the vendor under section 71P of the *Water Management Act 2000* (NSW) for the subdivision of the water licence.

<sup>3</sup> Australian Mines Limited, Flemington Scoping Study advances project to Pre-Feasibility Study phase, released 15 March 2017 and Australian Mines Limited, Technical Reports, released 31 March 2017

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Detailed work completed in preparing the PEA submission did not identify any significant environmental issues and represents a major milestone towards the granting of the Company's mining lease, which it applied for earlier this year over an area of 3,900 hectares<sup>4</sup>. The assay results recently announced from Australian Mines' resource extension drilling program at Flemington<sup>5</sup> doubled the project's previous cobalt mineralisation footprint and demonstrated cobalt grades can often exceed 0.2% across the project area.

The scandium footprint similarly increased three-fold based on the assay results from this program, with thick high-grade scandium mineralisation confirmed to outcrop across the project area.

Australian Mines expects to release a Maiden Cobalt Mineral Resource and upgraded Scandium Mineral Resource Estimate during the week commencing Monday 16 October. This will be followed by a Pre-Feasibility Study on Flemington scheduled to later this year.

Australian Mines has commenced planning for follow-up resource expansion drilling program for the Flemington mineralisation, which the August 2017 assay results and geological modelling confirmed is part of the same ore body which hosts Clean TeQ's neighbouring Syerston Project<sup>6</sup>.

Australian Mines is progressing toward the 100% acquisition of the Flemington Project under an agreement with Jervois Mining announced to the market on 10 October 2016<sup>7</sup>.

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

**For further information:**

**Shareholders contact:**

Benjamin Bell  
Managing Director  
Ph: +61 8 9481 5811  
E: [bbell@australianmines.com.au](mailto:bbell@australianmines.com.au)

**Media contact:**

Michael Cairnduff  
Cannings Purple  
Ph: + 61 406 775 241  
E: [mcairnduff@canningspurple.com.au](mailto:mcairnduff@canningspurple.com.au)

<sup>4</sup> Australian Mines Limited, Mining Lease application submitted over Flemington Cobalt-Scandium Resources, released 3 April 2017

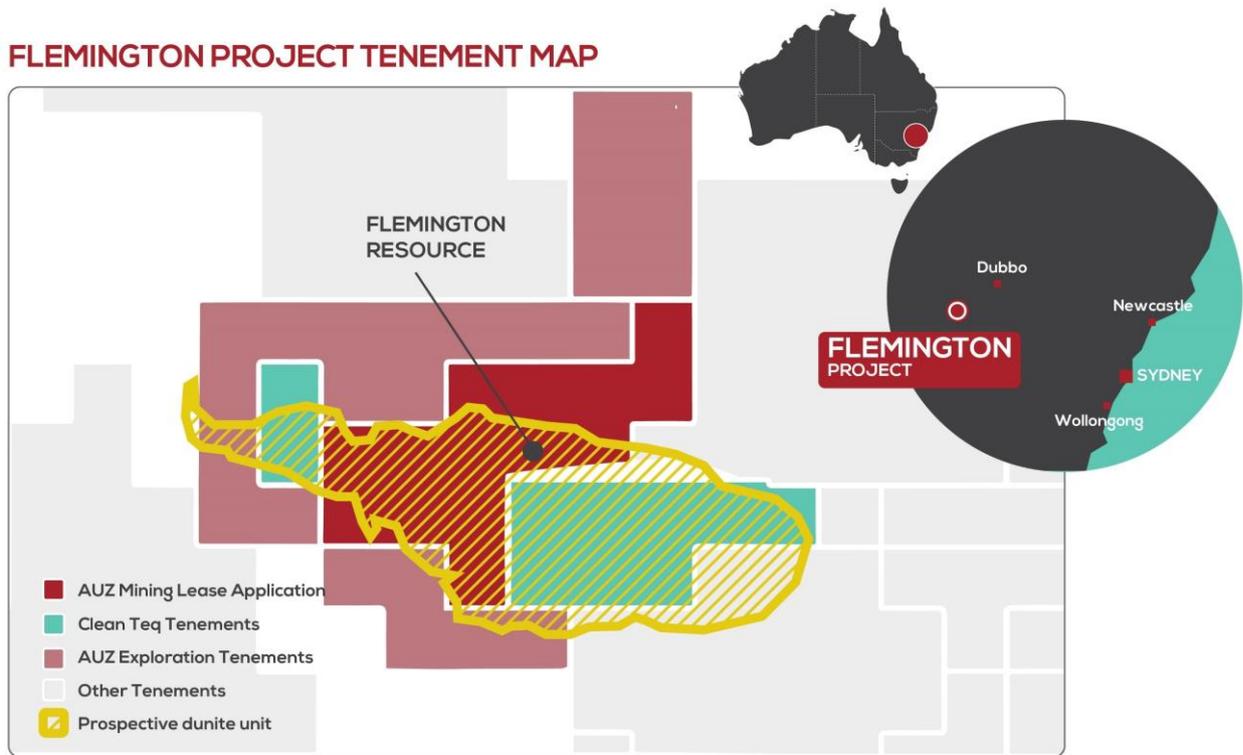
<sup>5</sup> Australian Mines Limited, Drilling doubles cobalt footprint, triples scandium footprint at Flemington, released 11 August 2017

<sup>6</sup> Clean TeQ Holdings, Syerston nickel and cobalt Pre-Feasibility Study completed, released 5 October 2016

<sup>7</sup> Australian Mines Limited, Strategic acquisitions position Australian Mines to fast-track into a leading global scandium company, released 10 October 2016

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**FLEMINGTON PROJECT TENEMENT MAP**

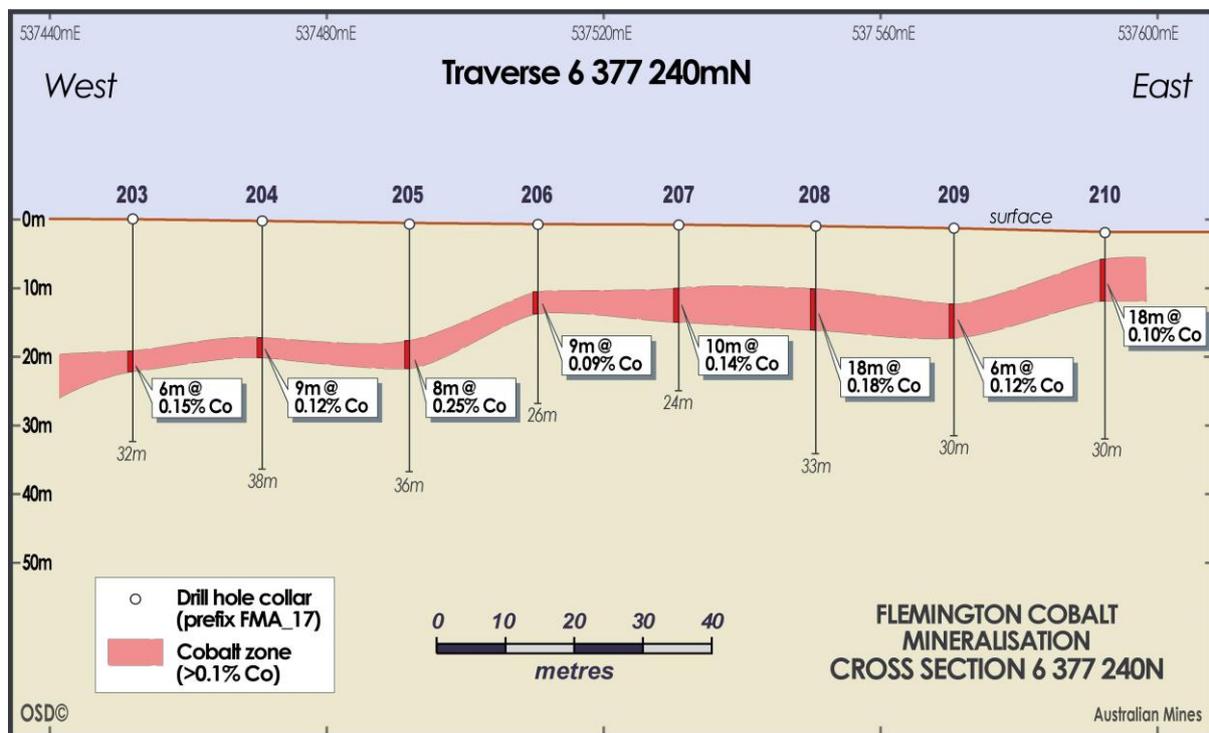


**Figure 1:** Located in central New South Wales, 370 kilometres west of Sydney, the Flemington Cobalt-Scandium-Nickel Project already hosts a world class resource<sup>8</sup> and Australian Mines' recently completed drill program indicates there is potential to further expand on this resource given that the prospective geological unit extends across almost the entire length of the Company's Mining Lease Application area.

<sup>8</sup> See Australian Mines announcement dated 31 March 2017 for full details of the Flemington Mineral Resource  
Flemington Mineral Resource: Measured 2.67Mt @ 435g/t Sc, Indicated 0.47Mt @ 426g/t Sc for total Mineral Resource of 3.14Mt @ 434g/t Sc. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines.

See Australian Mines announcement of 15 March 2017 titled *Flemington Scoping Study advances project to Pre-Feasibility Study phase* and the Company's 31 March 2017 announced titled *Technical Reports* for further details on the Flemington Project's status as a world class deposit.

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**Figure 2:** Schematic cross-section of the cobalt-rich zone at Flemington. A previously completed surface soil and rock chip sampling indicates that this cobalt (and scandium mineralisation)<sup>9</sup> may continue along strike of the zone tested by the Australian Mines' recent air core program, and the Company is presently designing a phase-two resource extension drilling program to test a further 250 acres of prospective ground.

<sup>9</sup> Cobalt grades can be referred to in both parts per million (ppm) or as a percentage (%). Both ppm and % are interchangeable within a report with 1,000 ppm = 0.1%.

ASX-listed (Australia-listed) and TSX-listed (Canadian-listed) cobalt-focussed companies often refer to any cobalt grade above at or above 0.1% (1,000ppm) as being "high-grade".

Thus, this section, whilst by no means showing the best / highest grade cobalt zone within the Flemington project, would nonetheless be viewed as being a "high-grade cross section" by others in the cobalt space.

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