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ASX: AUZ

Trial mining commenced at Sconi Cobalt-Nickel-Scandium Project, Queensland

- **Bulk ore sample of 20 tonnes successfully mined by Australian Mines from the Sconi Project, with the ore to be delivered to demonstration-size processing plant in Perth**
- **Processing of this bulk ore sample expected to produce:**
 - ✓ 160 kilograms of nickel sulphate
 - ✓ 20 kilograms of cobalt sulphate and
 - ✓ 5 kilograms of high-purity scandium oxide
- **Commercial-grade samples produced from this initial run already allocated to current off-take discussion partners**
- **Re-affirms Australian Mines' Sconi Project as the most advanced cobalt development play in Australia, with all mining approvals in place and a mine life in excess of 20 years.**

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce it has commenced a trial mining program at its flagship Sconi Cobalt-Nickel-Scandium Project¹ in northern Queensland.

This trial mining operation reinforces Sconi's position as the most advanced project of its type currently under evaluation in Australia, having all appropriate mining and environmental approvals already in place to allow the Company to expand to a full-scale mining operation with a project Life of Mine well in excess of 20 years².

¹ Australian Mines is acquiring 100% of the Sconi Cobalt-Nickel-Scandium Project from Metallica Minerals Limited. Details of this transaction were announced by Australian Mines on 6 September 2017.

² Australian Mines Limited, Technical Reports, released 31 March 2017

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An initial 20 tonnes of cobalt and nickel-rich ore is presently being extracted via this mining program, with the material expected to be transported to the Perth-based demonstration-size processing plant early next week.

Based on the pilot-scale processing work recently undertaken by Australian Mines, this 20 tonne bulk sample from the Company's Sconi Project is expected to produce up to 160 kilograms of battery grade nickel sulphate, 20 kilograms of commercial grade cobalt sulphate and at least 5 kilograms of high-purity scandium oxide.

The entire output from this initial run has already been allocated to potential international off-take partners to progress their on-going negotiations with Australian Mines.

In fact, the demand for samples by battery and technology metal manufacturers has been so high that Australian Mines is planning on expanding this trial mining program to enable the Company to satisfy these additional requests.

Australian Mines is also currently completing a Bankable Feasibility Study (BFS) on Sconi, which is expected to be completed by the end of April 2018, with a final investment decision on a full-scale mining and processing operation to follow.

Australian Mines Managing Director Benjamin Bell commented, *"Ore from Sconi has previously been delivered to the demonstration plant site in Welshpool for piloting purposes, while key components of the demonstration-sized plant continue to be delivered and installed ahead of a larger scale run in the December quarter.*

"Our recently appointed Chief Operating Officer, Tim Maclean, has been on the ground at Sconi supervising the trial mining operation and the logistics around delivering the planned 20 tonnes of ore whilst I have been in Asia and Europe advancing off-take discussions with nine separate interested parties. These discussions are on-going with many subject to the receipt of samples from the current trial mining operation at Sconi.

I look forward to updating shareholders on the progress of these off-take discussions as they develop."

ENDS

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Figure 1: Trial mining operations have commenced at the Sconi Cobalt-Nickel-Scandium Project in northern Queensland to collect a 20 tonne bulk sample to run through the Company's demonstration-size plant currently being constructed in Perth. Note that as the ore body outcrops, the first buckets of dirt extracted at Sconi are actually cobalt and nickel-rich ore. Thus, there is almost zero stripping required at Sconi for this initial operation.



Figure 2: The ore from the trial mining program at the Sconi will be trucked to Perth for processing by the demonstration-size plant, which is anticipated to be in operation in the coming quarter. The cobalt sulphate, nickel sulphate and scandium oxide to be produced from this ore has already been allocated in full to interested battery and technology metal manufacturers in Europe, Asia, the United Kingdom and North America.