



14 October 2016

Successful capital raising to underpin Australian Mines' scandium strategy

- **Raised \$840,000 in oversubscribed share placement to sophisticated investors**
- **Funds allocated to Flemington Scoping Study and to further exploration work on existing gold and copper projects**

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce it has successfully completed a capital raising to fast track the progress of its scandium-cobalt assets and to fund ongoing work on its diversified exploration portfolio.

The Company issued 76,372,837 new, fully-paid ordinary shares at an issue price of \$0.011 per share to sophisticated and professional investors to raise \$840,101 before costs¹.

The offer was oversubscribed, and represents the maximum amount allowable within Australia Mines' current placement capacity under ASX Listing Rule 7.1 and 7.1A

This raising follows the announcement on Monday 10 October² of Australian Mines' strategy to aggressively pursue a dominant position in the global supply of scandium through two separate transactions to acquire advanced projects focused on the emerging technology metal.

The Company has entered into an option agreement with Jervois Mining Limited (ASX: JRV) to acquire 100% of the Flemington Scandium-Cobalt Project near Fifield in New South Wales, and entered into a separate agreement with Metallica Minerals Limited (ASX: MLM) to earn up to a 75% interest in the Sconi Scandium-Cobalt Project near Greenvale in Queensland.

Managing Director, Benjamin Bell commented, "The funds raised through this placement will be used to complete the Scoping Study on Flemington, now commenced by SRK Consulting, while also funding ongoing work on our prospective Doolgunna-Marymia and Arunta West projects in Western Australia."

¹ Placement fees of 6% are payable on the amount raised. There were no other fees or costs associated with this placement.

² Australian Mines Limited, Strategic acquisitions position Australian Mines to fast-track into a global scandium company, released 10 October 2016

“We plan to follow-through on our strategy to evaluate the mineral potential of the broader Doolgunna-Marymia Project through an air core drill program targeting oxide and supergene gold above bedrock; and we also plan to carry-out a detailed gravity survey within the Arunta West Project to test the North Dovers prospect from March 2017.”

ENDS

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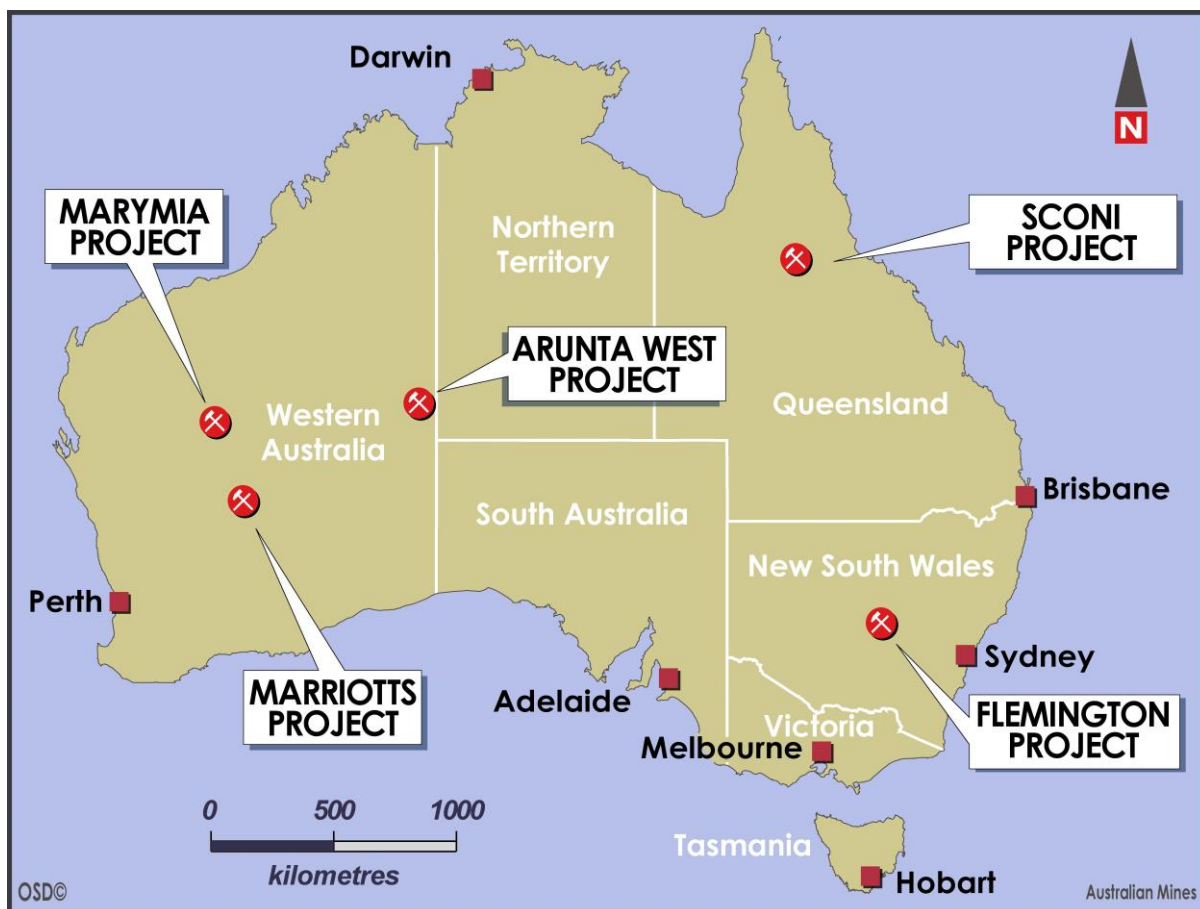


Figure 1: Location map of Australian Mines' projects.

Appendix 1: Additional disclosure required by listing rule 3.10.5A in respect of the shares issued under the Company's 10% placement capacity under Listing Rule 7.1A

- (a) Details of the dilution to existing holders of ordinary securities caused by the Placement is provided below:

| | Shares | Percentage |
|---|----------------------|-------------------|
| Pre-Placement Security Holders | 1,107,299,435 | 93.5% |
| Placement Shares issued under rule 7.1 | 64,844,915 | 5.5% |
| Placement Shares issued under rule 7.1A | 11,527,922 | 1.0% |
| Total Post Placement Shares | 1,183,672,272 | 100.0% |

- (b) The 11,527,922 shares issued under Listing Rule 7.1A were issued to sophisticated and professional investors as it was considered to be the most efficient mechanism for raising funds needed for the Company's ongoing exploration programme.
- (c) The Placement was not underwritten.
- (d) The fundraising fee associated with the 11,527,922 shares issued under Listing rule 7.1A is \$ 7,608 plus GST.