

27 February 2017

Tenement acquisitions doubles the size of Australian Mines' scandium and cobalt portfolio in New South Wales

- **Secures a dominant position in Flemington – Syerston scandium and cobalt region**
- **Strengthens Australian Mines' cobalt potential through this acquisition of ground immediately adjoining Cobalt Blue's Thackaringa Cobalt Project**

Managing Director, Benjamin Bell commented, *"We are pleased to grow our scandium and cobalt acreage through the purchase of these strategic exploration licences in New South Wales, which means that Australian Mines now holds one of the largest ground positions in the Fifield scandium-cobalt district as well as providing the company with some promising ground adjacent to a known cobalt resource in the west of the State".*

"It appears universally accepted that the electric vehicle market is set to grow exponentially over the coming decade, and that technology metals like scandium and cobalt will occupy a critical position in car manufacturer's supply chain going forward".

"Leading investment houses like Goldman Sachs¹ have noted that the push for fuel efficiency in conventional vehicles and greater range in electric vehicles will result in a significant increase in the use of aluminum alloys by car manufacturers particularly given that such alloys, like an aluminum scandium alloy, are almost 10 times cheaper than carbon fibre. This ability to produce very light but extremely strong vehicles for a relatively low cost, will subsequently result in greater use of these aluminum alloys across the global passenger car market".

"Currently there are only three mines producing scandium; one each in the Ukraine, China and Russia, and in each case the scandium is a by-product from the extraction of other elements. As such, volumes and product quality are both unreliable and inconsistent. And whilst scandium mineralisation is known to exist in other areas such as Norway and North America, this is in such low concentrations making extraction of scandium from these sources an uneconomic proposition".

¹ <http://www.goldmansachs.com/our-thinking/technology-driving-innovation/cars-2025/>



“Should Goldman Sachs and others be correct in their forecast demand for aluminum alloys, it would appear likely that the scandium required to satisfy this expected growth in demand must at least in part come from mines inside the Fifield region of New South Wales, or the Townsville region of Queensland which are currently the highest grade, lowest cost scandium deposits known to exist in the world today.”

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to announce it has significantly increased its prospective scandium and cobalt ground-holding in New South Wales through the acquisition of a 100% interest in Exploration Licences 8477 and 8478 from Dashell Pty Ltd.

This equity transaction, which is subject to shareholder approval, was completed for a total consideration value of \$78,000, being the issuing of 9,750,000 fully paid ordinary shares in Australian Mines at an issue price of \$0.008.

These tenements add to Australian Mines’ existing portfolio in the highly prospective Fifield region of New South Wales, with Exploration Licence 8478 effectively surrounding the Company’s existing tenement position at the Flemington Scandium-Cobalt Project.

Australian Mines has an option agreement to acquire 100% of the Flemington project, which is one of the highest-grade scandium deposits in the world and represents the continuation of Clean TeQ’s (ASX: CLQ) adjoining Syerston deposit.

High-grade cobalt mineralisation co-exists with scandium at the Flemington deposit and the Company is due to complete a Scoping Study on this scandium and cobalt orebody in the coming weeks, which will include a proposed pit shell designed to optimise the production of both these highly-prized technology metals.

The acquisition of Exploration Licence 8477 also provides Australian Mines with a strategic ground position to both the north and south of Cobalt Blue Holdings Limited’s emerging Thackaringa Cobalt Project tenements² in western New South Wales (ASX: COB).

Cobalt Blue raised \$10 million in an Initial Public Offering (IPO) last month on the back of its 51% joint venture agreement with Broken Hill Prospecting (ASX: BPL) over Thackaringa.

Cobalt Blue’s prospectus indicated that the favourable geology hosting their cobalt mineralisation appears to continue into Australian Mines’ newly acquired tenement³.

²Cobalt Blue Holdings Limited, Strong Investor Demand as Cobalt IPO Closes, released 27 January 2017

³ Broken Hill Prospecting Limited, Cobalt Blue Prospectus, released 9 November 2016



The Company's exploration team has therefore commenced work to ascertain the most appropriate program for advancing this prospective cobalt project.

*****ENDS*****

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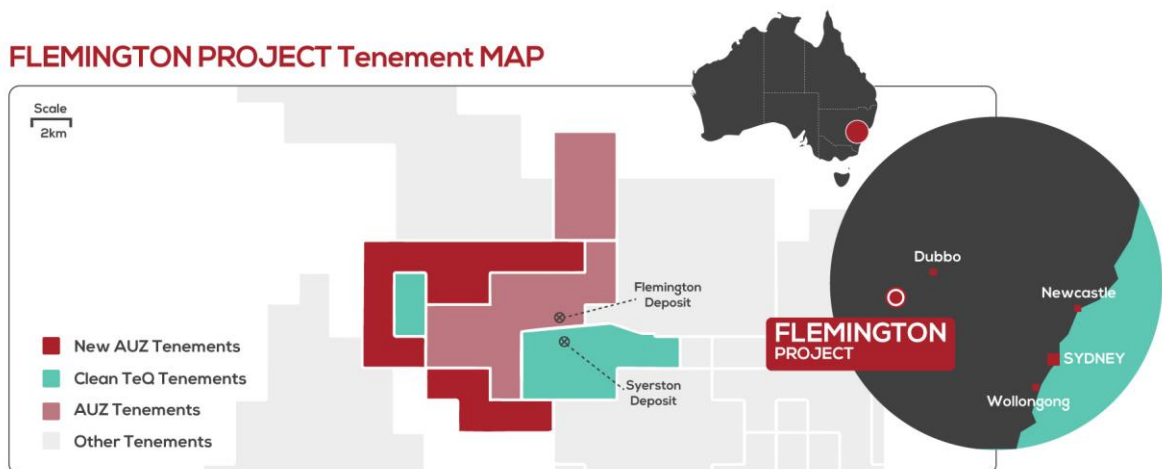


Figure 1: The acquisition of exploration licence 8477 ostensibly doubles Australian Mines' ground holding in this emerging scandium – cobalt region of New South Wales.

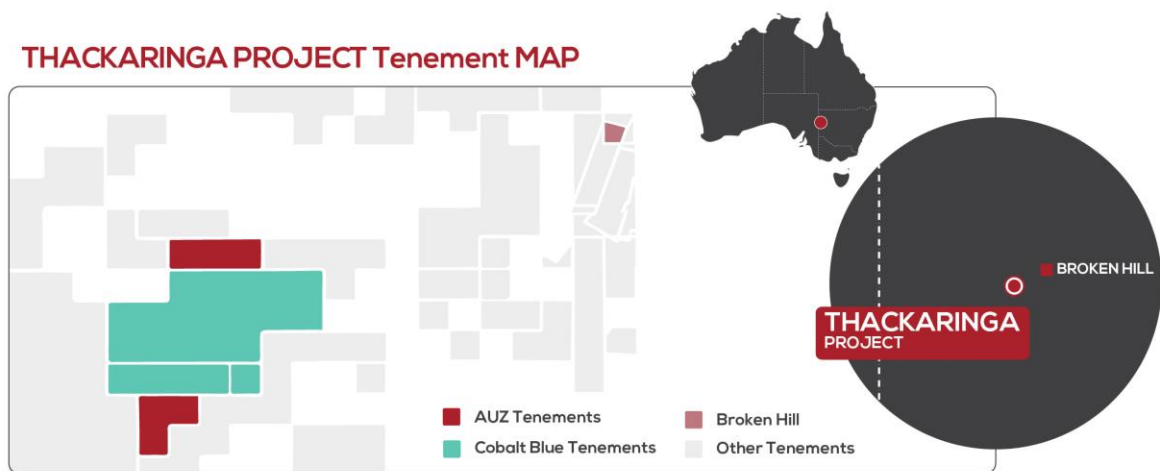


Figure 2: As part of the Dashell transaction, Australian Mines secured the ground immediately adjoining Cobalt Blue's Thackaringa cobalt project. This newly-acquired tenement of Australian Mines is thought to host the continuation of the cobalt-bearing geology observed within Cobalt Blue's tenements.