

28 April 2017

Quarterly Activities Report

Period ended 31 March 2017

HIGHLIGHTS

Sconi Cobalt-Nickel-Scandium Project

- Obtained environmental licences for mining and processing operation, making Sconi the most advanced cobalt-nickel-scandium project in Australia
- Finalised design of demonstration-size processing plant, with construction scheduled to commence in May 2017
- Increased technical team to ensure project remains on track to be the first cobalt-nickel-scandium mining operation commissioned in Australia

Flemington Cobalt-Scandium-Nickel Project

- Completed the Scoping Study, which confirmed the Flemington project as a 'world class' asset capable of producing cobalt sulphate and high quality scandium oxide
- Submitted Mining Lease Application covering an area of 3,900 hectares, enabling any future expansion of the ore body to be contained within this single Mining Lease
- Acquired key tenements, which doubled the size of Australian Mines cobalt and scandium tenement portfolio in New South Wales
- Awarded drilling contract for the Resource extension program, which is anticipated to commence in the coming weeks

Corporate Activities

- Raised a total of \$7.1 million (before costs) from an entitlement offer to existing shareholders coupled with placements (and convertible notes) to professional and sophisticated investors located in Australia, Europe and Asia
- Working collaboratively with a European car company to advance the potential expansion of aluminium-scandium alloy across the global automotive market



Australian Mines Limited (“Australian Mines” or “the Company”; ASX: AUZ) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 March 2017.

The Sconi Cobalt-Nickel-Scandium Project in northern Queensland is considered the most advanced project of its type in Australia¹, with mining and environmental approvals now in place and a Bankable Feasibility Study progressing well during the March quarter, led by a leading international mining consulting group.

Australian Mines’ Sconi Project is an analogue to Australian market leader Clean TeQ’s Syerston Project in terms of in-situ resource size and grade, geological and metallurgical characteristics².

The Flemington Cobalt-Scandium-Nickel Project in central New South Wales, where the Company completed a positive Scoping Study in the reporting period on an existing Mineral Resource³, is now moving towards a Pre-Feasibility Study (PFS). Flemington is the direct continuation of Clean TeQ’s Syerston ore body separated only by a tenement boundary⁴.

Processing and metallurgical test work has confirmed both the Sconi and Flemington projects host lateritic mineralisation amenable to the production of cobalt sulphate and nickel sulphate products, required for lithium-ion batteries, and a premium scandium oxide product, which is subject to increasing demand from automotive and aerospace manufacturers.

Australian Mines anticipates commencing construction of a Demonstration-Size processing plant in Perth, Western Australia in early May, which will produce commercial grade, saleable cobalt, nickel and scandium products from November 2017.

The ability to deliver these products in such a relatively short timeframe will enable Australian Mines to further progress off-take discussions with interested parties in Europe and Asia following the Company’s successful investor and end-customer road show.

Australian Mines remains on track to become a significant supplier of strategic technology metals through production from its flagship Sconi Cobalt-Nickel-Scandium Project and progression of the Company’s Flemington Project.

¹ Australian Mines Limited, Environmental Licences granted for mining and processing operation at Sconi, released 2 March 2017

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

³ 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 Limited.

⁴ Australian Mines Limited, Technical Reports, released 31 March 2017

Managing Director, Benjamin Bell commented, *“I have been on a road show in Europe and Asia during the quarter, meeting with both potential project financiers and future off-take partners for all three strategic metals identified at Sconi and Flemington. Interest from international manufacturers to secure a long term, reliable supply of strategic battery and technology metals from a proven and stable mining jurisdiction like Australia has been significant.*

“Following this positive engagement with potential customers, it became apparent that the quickest path to progress those negotiations was to go-ahead and produce samples to reinforce certainty around expected product quality. This was one of the catalysts behind our decision to construct a Demonstration-Size processing plant in Perth, as it will deliver tangible samples from both projects for end-customers to evaluate for their individual purposes.”

“Our production of both cobalt sulphate and nickel sulphate from Sconi, as well as scandium oxide, will ensure Australian Mines is well positioned to participate in the rapidly growing electric vehicle battery market as a strategic, volume supplier during a period of growing demand.”

“Perhaps the most significant development for the Company during the quarter was the delivery of a positive Scoping Study result at Flemington. The results of the study represent another step forward in our strategy to establish a dominant position in the global supply of cobalt, nickel and scandium.”

“This Scoping Study also highlighted that there is enormous potential for the Company to increase both the overall tonnage as well as the head grade of its cobalt mineralisation at Flemington. This can only further cement Australian Mines’ status as a superior cobalt company – our Sconi deposit has already been ranked second only to Clean TeQ’s Syerston deposit, according to Macquarie Bank⁵.”

“Modelling of the scandium and cobalt resource clearly showed that the Flemington ore body is the continuation of the neighboring Syerston mineralisation, with SRK’s pit shell being cut abruptly by Australian Mines’ and Clean TeQ’s common tenement boundary. Our next priority is to proceed with a Pre-Feasibility Study and complete a large drill program at Flemington to better define the cobalt and nickel resource, and upgrade and extend the existing scandium resource.”

“We also submitted our Mining Lease Application during the quarter for Flemington. Converting the tenement containing the Mineral Resource into a Mining Lease represents a major milestone for this project and reflects our confidence in its potential to become a significant future cobalt, scandium and nickel mining operation, and once approved it will enable us to rapidly progress the development of the project alongside Sconi.”

“We were also pleased to be in a position to capitalise on the opportunity to grow our cobalt and scandium acreage in the March quarter through the purchase of strategic Exploration Licences in New South Wales, one package surrounding our existing Flemington tenements and adjoining

⁵ Macquarie Research, Clean TeQ Holdings - Cobalt and premium nickel - Initiating coverage with an Outperform, released March 2017

Syerston tenements, and the other package to the north and south of Cobalt Blue Holding's promising Thackaringa project further west in New South Wales."

"It is also very pleasing that our capital raising activities during the March quarter have been well received by professional and existing investors, while our sustained share price performance triggered the obligation for mandatory conversion of the convertible note issue completed in February in the shortest possible space of time."

Sconi Cobalt-Nickel-Scandium Project

Australian Mines is acquiring up to a 75% interest in the Sconi Cobalt-Nickel-Scandium Project, located near the historic mining centre of Greenvale in Queensland, from Metallica Minerals Limited (ASX: MLM) through funding a Bankable Feasibility Study on the project and subsequently securing project finance⁶.

Sconi is arguably one of Australia's largest⁷ scandium projects, as well as being the most advanced, with all relevant mining and environmental licences now in place to support the development of a mining and processing operation pending a positive outcome to the Bankable Feasibility Study (BFS) currently being completed by a leading international mine consulting firm.

During the March quarter, Australian Mines sought tenders from metallurgical and engineering consultants to design and construct a fully-operational Demonstration-Size High-Pressure Acid Leach (HPAL) and solvent extraction (SX) processing plant in Perth. Australian Mines is presently working with its preferred tenderer and the Company intends to make announcement on this matter in the coming weeks.

Construction of the Demonstration-Size processing plant is scheduled to be completed by October 2017, with processing of ore initially, from the Sconi Project, starting November 2017.

With a throughput capacity of 2,000 to 2,500 kilograms per day the Demonstration-Size plant, when run on a continuous basis, has the potential to produce up to 67 kilograms of cobalt sulphate ($\text{CoSO}_4 \cdot 6\text{H}_2\text{O}$), 500 kilograms of nickel sulphate ($\text{NiSO}_4 \cdot 6\text{H}_2\text{O}$) and 8 kilograms of scandium oxide (Sc_2O_3) per week⁸.

This production rate will be achieved using proven processing equipment and technology, which is scalable from the proposed Demonstration-Size plant to the final Full-Scale commercial HPAL + SX plant anticipated to be constructed at Sconi once the BFS has been completed and funding secured.

⁶ Australian Mines Limited, Strategic acquisitions position Australian Mines to fast-track into a leading global scandium company, released 10 October 2017

⁷ According to expected annual production capacity, as independently observed by Platina Resources Limited: Platina Resources Limited, Owendale Scandium Project, released 17 March 2015

⁸ See Appendix 3 for calculations



Based on the throughput contemplated under the project's Pre-Feasibility Study⁹, the Full-Scale plant equates to an **average annual production at Sconi of 3,010 tonnes of cobalt sulphate + 24,420 tonnes of nickel sulphate + 77 tonnes of scandium oxide** for at least the first 20 years¹⁰.

This production is based on the project's expected average cobalt feed grade for the first 20 years of production of 0.11% and average nickel feed grade for the first 20 years of production of 0.81%¹¹

This annual production schedule, together with the optimal pit design will be confirmed as part of the current BFS, following which the Sconi Project is effectively development-ready given that the project is already covered by active mining and development licences, and the Company has secured the necessary environmental approvals and consents.

To ensure the Sconi project remains on track to be Australia's first cobalt-nickel-scandium project in production, Australian Mines has employed the services of a number of senior technical personnel who have been intimately involved in the Sconi Cobalt-Nickel-Scandium Project including overseeing both the project's 2012 Scoping Study¹² and 2013 Pre-Feasibility Study¹³, as well as supervising the first ever production of an aluminum-scandium alloy using scandium oxide derived from an Australian ore body (being Australian Mines' Sconi Project)¹⁴.

⁹ See Australian Mines Limited, Technical Reports, released 31 March 2017 and Appendix 3 of this report

¹⁰ The financial and technical evaluation of Sconi was completed on a 100% project basis. The key economic inputs are outlined in Australian Mines' announcement dated 31 March 2017 titled *Technical Reports*, which has previously been lodged with the Australian Securities Exchange and is available at www.australianmines.com.au. These include assumptions about the availability of funding. While Australian Mines considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by these studies will be achieved. To achieve the range of outcomes indicated in these studies, funding of in the order of A\$500 million will likely be required. Investors should note that there is no certainty that Australian Mines will be able to raise that amount of funding when needed. It is possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Mines' existing shares. The Company has concluded that it has a reasonable basis for providing forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of these studies.

¹¹ Australian Mines Limited, Technical Reports, released 31 March 2017

¹² Metallica Minerals Limited, Sconi Project – Revised Scoping Study, Increased Scandium Production, released 16 October 2012

¹³ Metallica Minerals Limited, Sconi Project – Pre-Feasibility Study, released 28 March 2013

¹⁴ Metallica Minerals Limited, Sconi scandium oxide successfully used in aluminium-scandium alloy, released 7 November 2012

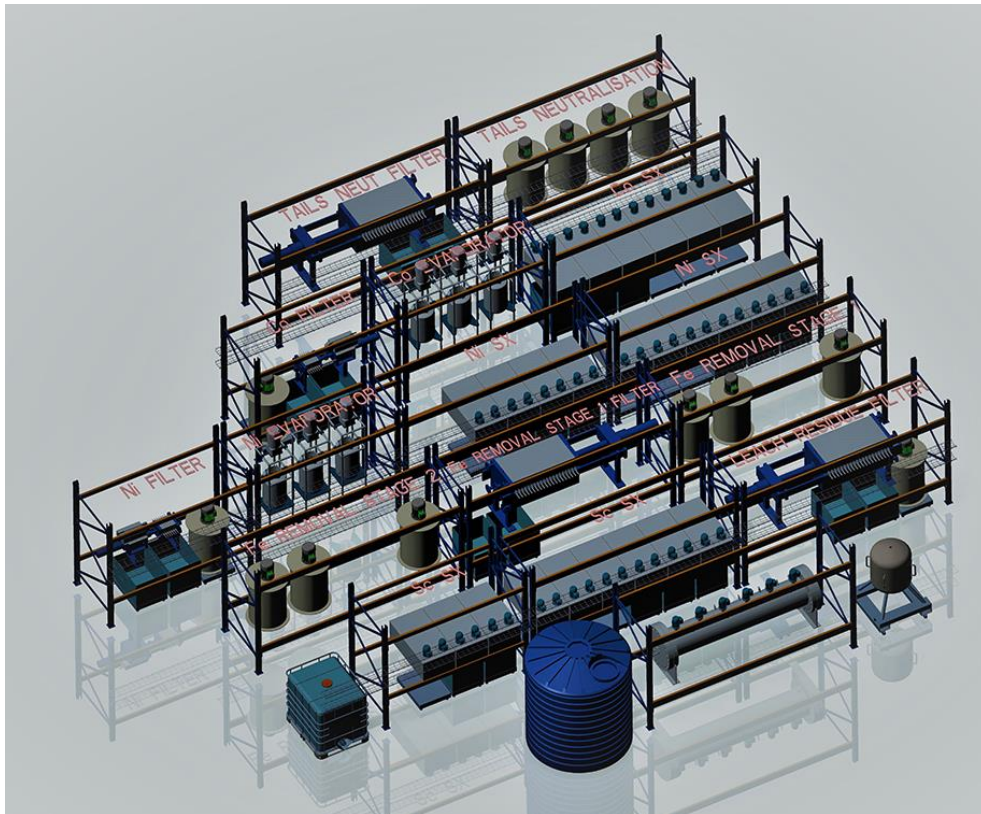


Figure 1: The Demonstration-Size plant to be constructed in Perth will run on a continuous basis at a rate of 2,000 to 2,500 kilograms of ore throughput per day to process the high-quality scandium oxide as well as commercial grade cobalt sulphate and nickel sulphate for delivery to potential off-take partners.



Figure 2: Sconi is de-risked and on the road to a final investment decision in early 2018, pending a positive Bankable Feasibility Study result.



Figure 3: The Sconi Project is located in North Queensland, approximately 250 kilometres on sealed roads from Townsville.

Flemington Cobalt-Scandium-Nickel Project

Australian Mines is acquiring 100% of the Flemington Cobalt-Scandium-Nickel Project near Fifield in New South Wales from Jervois Mining Limited (ASX: JRV) through a series of Options and payment of associated fees.

A major milestone for the Company in the March quarter was the release of the positive results from the Scoping Study completed for the Flemington Project, which confirmed its status as a potential 'world class' deposit¹⁵ with a demonstrated Net Present Value (NPV) for Flemington of A\$162 million at an indicative 12% discount rate, rising to an impressive A\$409 million if a 4% discount rate is applied¹⁶.

The Flemington Project has an expected total mine life of at least 30 years based on the current Mineral Resource¹⁷ alone.

Underpinning the projected strong financial position of the Flemington project are SRK Australia's calculations¹⁸ that the average cash operating cost of mining and producing a high-quality scandium oxide product for this project is only A\$500 per kilogram (current spot contract price for scandium oxide is A\$3,500 per kilogram¹⁹) and an estimated capital cost for the processing plant of A\$74 million.

Following release of the positive findings of its Scoping Study in March²⁰ on the Flemington Project, Australian Mines submitted a Mining Lease Application for the Project to the New South Wales Department of Trade and Investment (Resources and Energy Division)²¹ during this period.

This Mining Lease Application, which covers an area of 3,900 hectares and includes the existing orebody as well as a significant percentage of the prospective geology that hosts the cobalt, nickel and scandium mineralisation at Flemington (being the same geological sequence that hosts Clean TeQ Holding's Syerston project^{22,23}), was assigned the new tenement number of MLA 538 by the New South Wales Government.

¹⁵ BHP Billiton define a 'world-class' deposit as one which has an NPV of at least \$250 million. (www.bhpbilliton.com/-/media/bhp/documents/investors/reports/2006/ameconference.pdf). The economic analysis completed by SRK in their Scoping Study for the Flemington project indicates that this project can satisfy this requirement and thus qualifies as a 'world class' asset.

¹⁶ Australian Mines Limited, Technical Reports, released 31 March 2017

¹⁷ 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 Limited.

¹⁸ Australian Mines Limited, Technical Reports, released 31 March 2017

¹⁹ Contract price offered by Chinese-based Prichem Technology Limited to Australian Mines on 15 December 2016 (US\$2,650 at the exchange rate A\$ / US\$ 0.75).

²⁰ 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

²¹ Australian Mines Limited, Mining Lease application submitted over Flemington Cobalt – Scandium Resource, released 3 April 2017

²² Clean TeQ Holdings Limited, Presentation – BMO Capital Markets Conference, released 27 February 2017

²³ 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



Post-period, Australian Mines awarded a 4,000 metre air core drill contract, with drilling anticipated to commence in May. This resource extension drill campaign will target the expected continuation of the high-grade cobalt and scandium ore body at Flemington, as well as the project's promising nickel potential.

The Company anticipates releasing a Mineral Resource update following the completion of this drill program.

Australian Mines also expects to finalise the purchase of its water licence for the project in the June quarter.

The Company increased its exposure to New South Wales' premier cobalt and scandium region during the quarter through acquiring a 100% interest in Exploration Licences 8477 and 8478 from Dashell Pty Ltd for a total consideration value of \$78,000 (being 9,750,000 fully paid ordinary shares in Australian Mines at an issue price of \$0.008)²⁴.

These tenements added to the Company's dominant footprint around the highly prospective Fifield area, with EL8478 effectively surrounding the existing Flemington Project tenements, while EL8477 also provides Australian Mines with a strategic ground position to both the north and south of Cobalt Blue Holdings Limited's (ASX: COB) emerging Thackaringa Cobalt Project tenements in western New South Wales²⁵.

Australian Mines was also notified that Exploration Licence Application 5370, which forms part of the Jervois Mining Option and Sale Agreement, was granted on 30 March 2017. This tenement, now assigned the Exploration Licence (EL) number 8546 is located immediately north of Australian Mines' Flemington Mining Lease Application area (see Figure 4) and covers the western portion of the Owendale Complex – host of Platina Resources' (ASX: PGM) Owendale scandium-cobalt project.

Australian Mines is presently designing an appropriate exploration program for the larger Flemington project area, and the Company anticipates making further announcements regarding this on-ground field work during the June quarter.

²⁴ Australian Mines Limited, Tenement acquisitions doubles the size of Australian Mines' scandium and cobalt portfolio in New South Wales, released 27 February 2017.

²⁵ Australian Mines Limited, Tenement acquisitions doubles the size of Australian Mines' scandium and cobalt portfolio in New South Wales, released 27 February 2017.

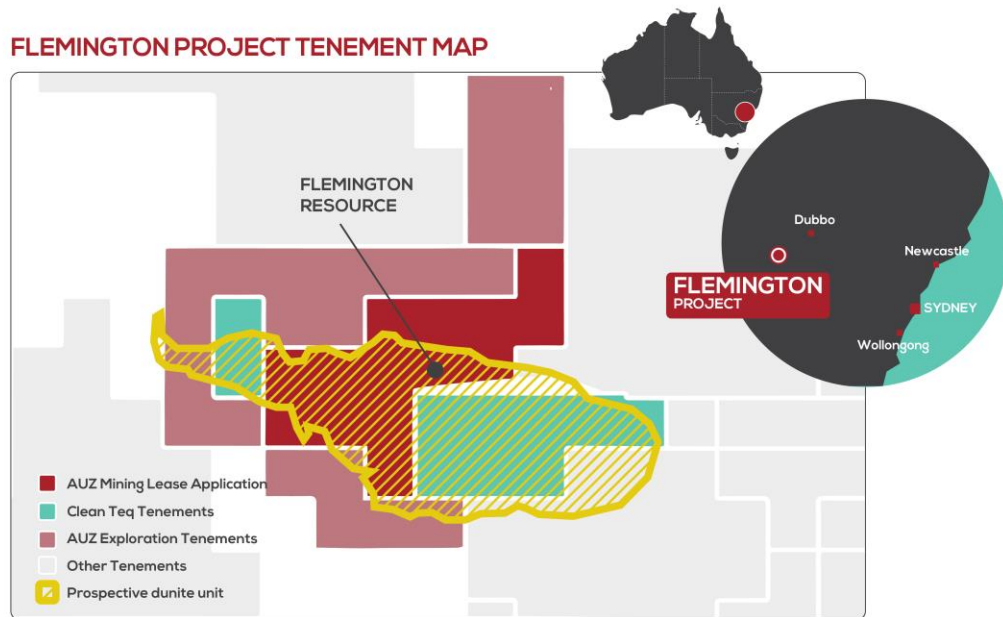


Figure 4: Location of Australian Mines' Flemington Project in New South Wales, Australia with its Mining Lease Application area and Exploration Licence areas overlaid with the indicative ore body position.

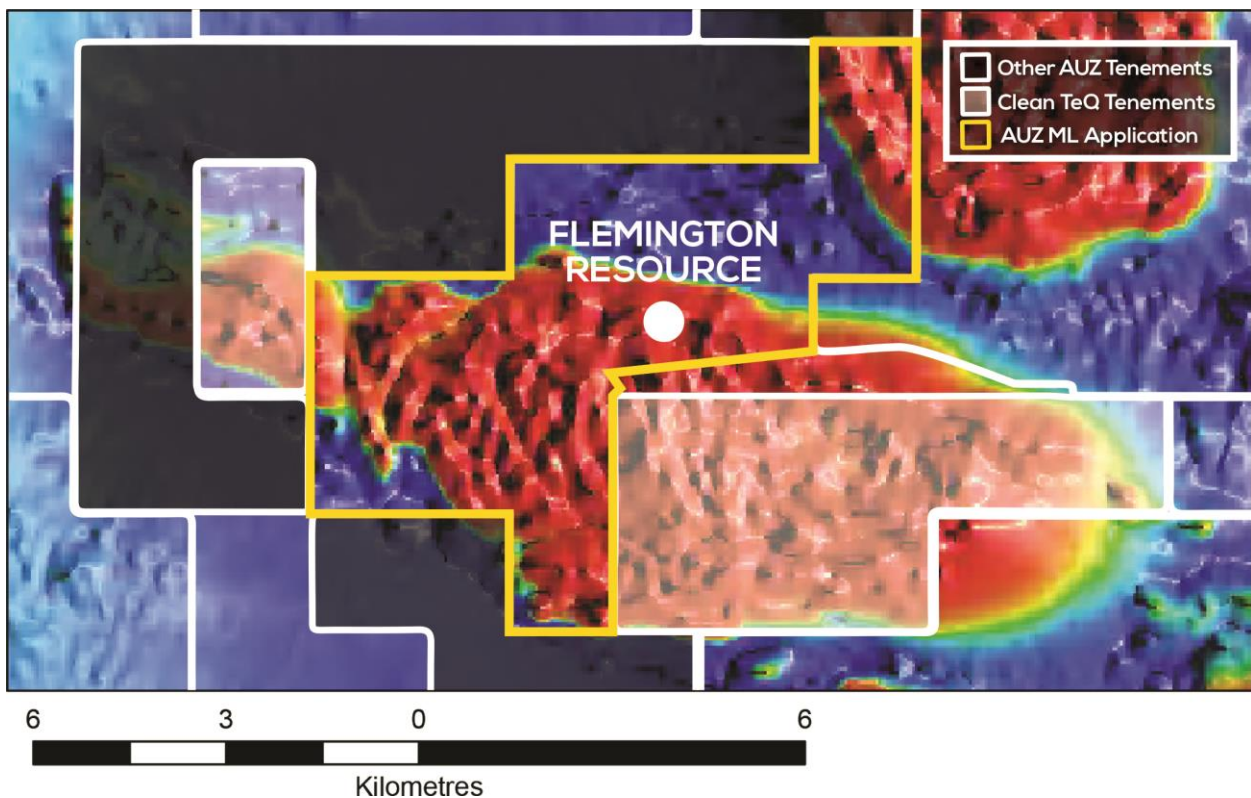


Figure 5: The geology hosting both Australian Mines' Flemington ore body and Clean TeQ's adjoining Syerston project appears as a solid, continuous (red-coloured) body in the above aeromagnetic image

Arunta West Copper-Gold Project

Australian Mines is in the final stages of planning on-the-ground evaluation of identified prospects within its Arunta West project in the June quarter. Work will include geophysical contractor, Haines Surveys, carrying out a 400 metre by 200 metre ground gravity survey targeting the priority North Dovers copper-gold target, as well as completing further reconnaissance of the secondary Mantati base metal prospect.

The Arunta West Copper-Gold Project, located 600 kilometres west of Alice Springs near the Western Australia and Northern Territory border, is a joint venture between Australian Mines and Jervois Mining Limited (ASX: JRV), which takes in three tenements covering 345 square kilometres in the proven Lake Mackay district of Western Australia. Australian Mines separately holds a 100% interest in two tenements adjoining the Arunta West joint venture area, covering an additional 1,100 square kilometres.

According to published reports²⁶, it was the potential for large-scale iron-oxide copper-gold (IOCG) mineralisation along the lines of BHP Billiton's Olympic Dam ore body in South Australia or Glencore's Ernest Henry deposit in Queensland that attracted BHP Billiton to the Arunta West region in the 1990s.

Following initial reconnaissance exploration across the area, BHP Billiton subsequently concentrated their activities on the North Dovers prospect with the results suggestive of IOCG mineralisation being present²⁷. This included: co-incident gravity and magnetic anomaly; probable electromagnetic (EM) conductor associated with the buried gravity feature; and a subtle gold-in-soil anomaly.

The prospectivity of the North Dovers target specifically was recognised by the Western Australian Department of Mines and Petroleum in late 2016, when they agreed to contribute up to \$200,000 towards Australian Mines' maiden drill program at North Dovers via the State Government's competitive Exploration Incentive Scheme²⁸.

This drill program is currently earmarked for late-2017, following the completion of the upcoming ground gravity survey.

No on-ground work was completed at the project during the March quarter.

²⁶ Exploration and Discovery Services Pty Ltd, Preliminary data review for the West Arunta Project, internal report for Australian Mines Limited, dated May 2016

²⁷ Please note that whilst the exploration results received from Australian Mines' North Dovers target to date is suggestive that IOCG mineralisation may be present, there is no guarantee that this project hosts an Olympic Dam or Ernest Henry-type ore body and shareholders should not expect further work at North Dovers will result in the delineation of an IOCG ore body.

²⁸ http://www.dmp.wa.gov.au/Documents/Geological-Survey/R14_Successful_List.pdf

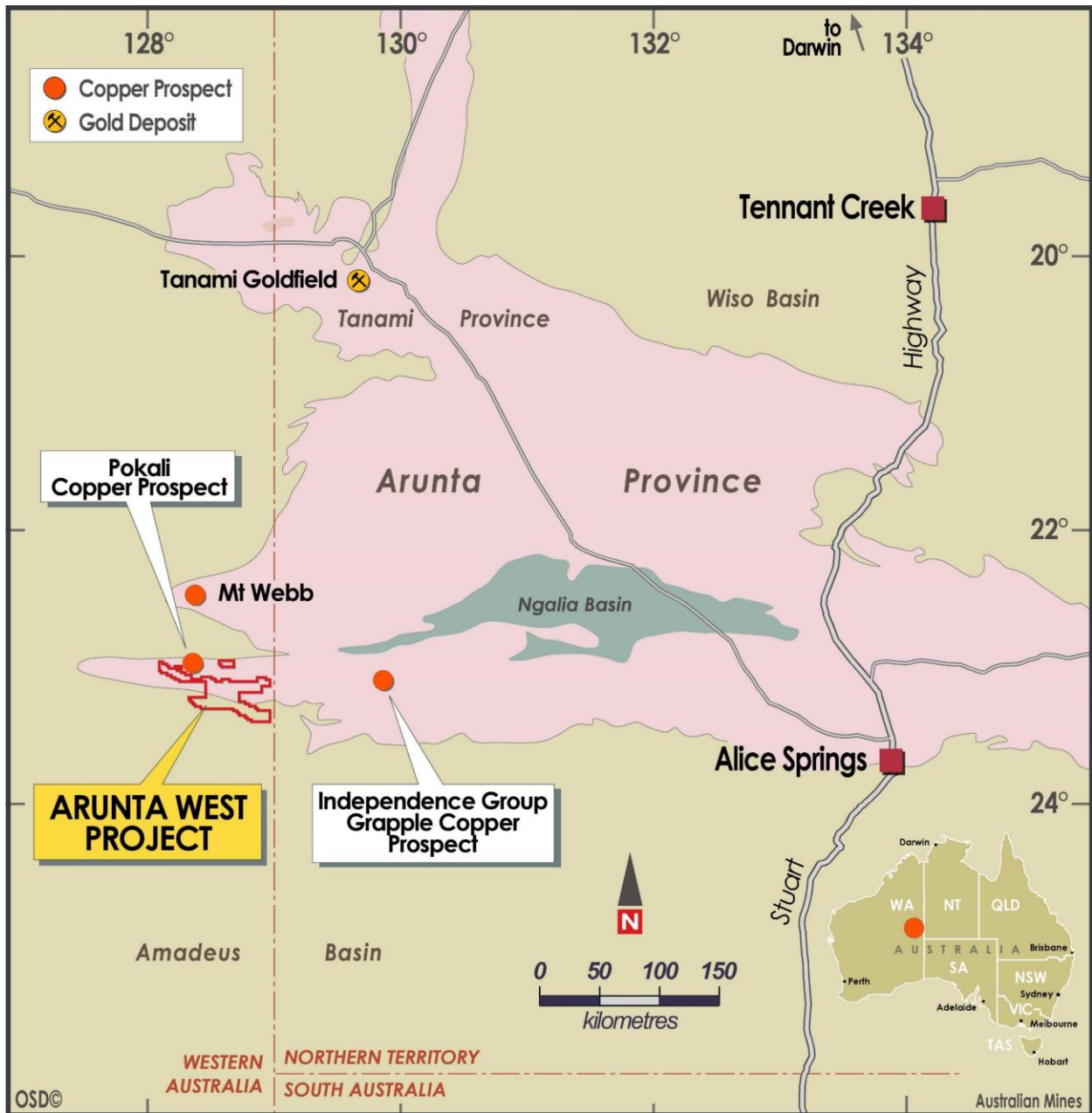


Figure 6: The Arunta West Project area, situated approximately 600 kilometres west of Alice Springs, covers an area of 1,435 square kilometres in a region that is rapidly becoming Australia’s next copper province.

Doolgunna-Marymia Gold Project

The Doolgunna-Marymia Gold Project is situated approximately 900 kilometres north of Perth and within 50 kilometres of the Plutonic Gold Mine.

The Project is being explored under a joint venture agreement with Riedel Resources Limited (ASX: RIE), with Australian Mines on track to satisfying its exploration spending obligations to earn an 80% interest in the project by May 2018.

Drilling to date has focused on just a few 100 metres of an identified 6-kilometre-long target zone, centred around the Company's maiden drill hole (MMRC016), which returned a very encouraging 10 metres @ 8.79 g/t gold from 130 metres downhole in late 2015 at its Dixon prospect²⁹.

The Company's exploration team is currently on site at Doolgunna-Marymia undertaking the final preparations for a 7,000 metre (120-hole) air core drilling program.

This drilling program is designed to test the prospectivity of the broader 6-kilometre-long fractionated dolerite unit that appears to have similar characteristics as Breaker Resources' (ASX: BRB) Lake Roe Project³⁰.

Both Australian Mines' Dixon prospect and Breaker Resources' Lake Roe prospect, for example, are hosted in fractionated dolerites with multiple phases, oriented north-south with moderate dips. They also share similar alteration styles (potassic) and sulphide alteration (pyrite and pyrrhotite). The Lake Roe and Dixon gold prospects likewise have both experienced a number of late cross faults responsible for offsetting the corresponding geological units.

At this stage only the Lake Roe project has concentrations of oxide/supergene mineralisation developed at surface, however it is anticipated that Australian Mines' proposed 120-hole air core program will identify similar oxide mineralisation at Dixon³¹.

Further information on the similarities and the differences between the Dixon and Lake Roe gold prospects will be evident at the conclusion of the more detailed RC and diamond drilling program, which Australian Mines has slated for the second half of 2017.

²⁹ Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

³⁰ Apex Geoscience Limited, Lake Roe Gold Project Overview and Comparison to Dixon Prospect, Western Australia, internal company report, dated 18 September 2016

³¹ Apex Geoscience Limited, Lake Roe Gold Project Overview and Comparison to Dixon Prospect, Western Australia, internal company report, dated 18 September 2016

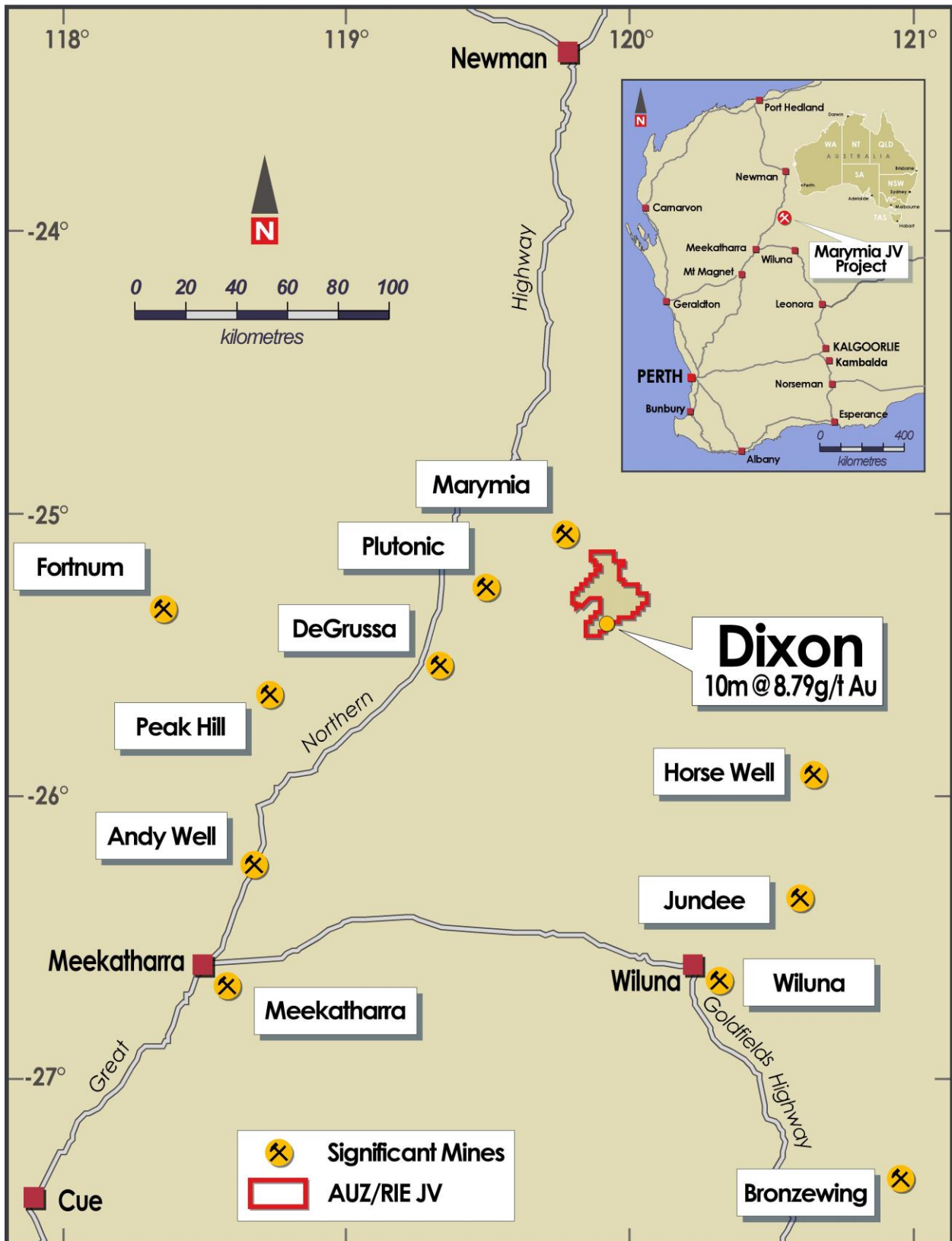


Figure 7: The Doolgunna-Marymia Gold Project is situated within 50 kilometres of the Plutonic Gold Mine in Western Australia.

Marriotts Nickel Project

No activity was undertaken on Australian Mines’ 100%-owned Marriotts Nickel Project during the March quarter and the Company has no immediate plans to commence further exploration or development activities at Marriotts in 2017.

Australian Mines believes that the potential remains to increase the existing Mineral Resource³² at Marriotts and given the right economic environment, the project could potentially be fast-tracked into production by leveraging existing infrastructure within the region.

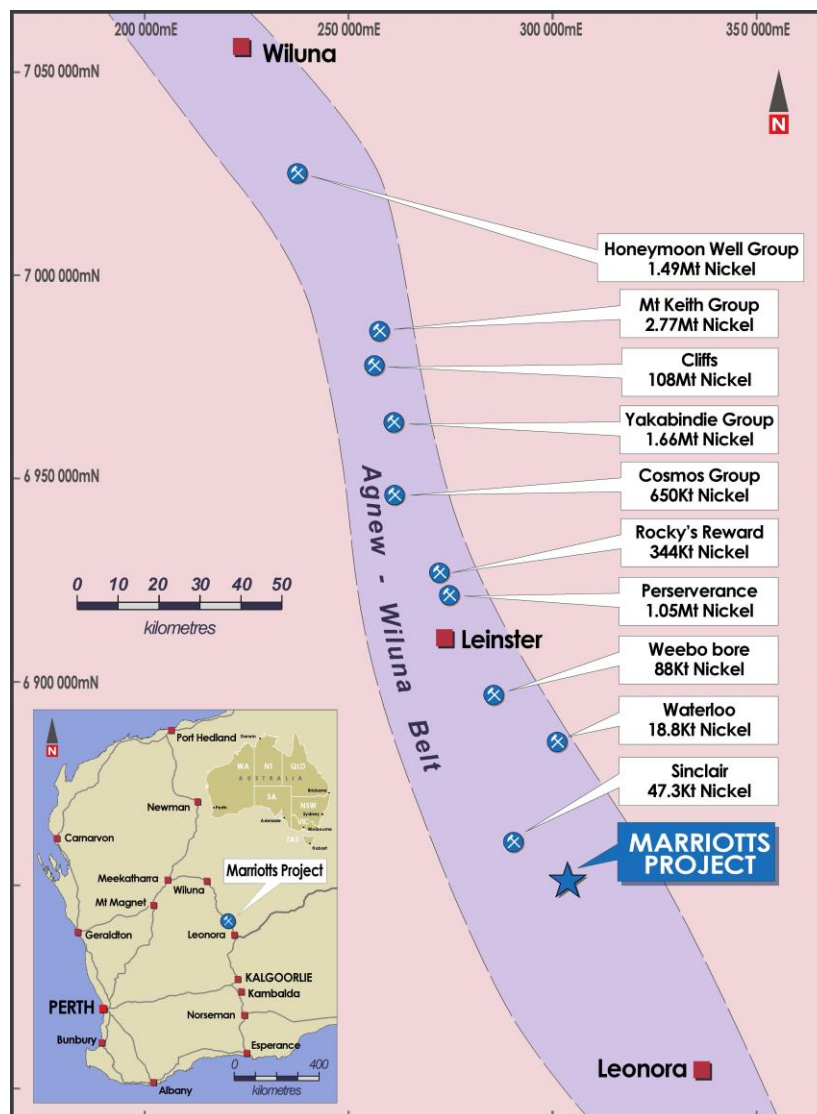


Figure 8: Location of Australian Mines’ Marriotts Nickel Project in relation to regional geology, production centres and reported contained nickel of the Agnew-Wiluna Belt in Western Australia³³.

³² See Australian Mines announcement dated 15 November 2007 for full details of the Marriotts Mineral Resource. Marriotts Mineral Resource: Indicated 0.46Mt @ 1.12% Ni; Inferred 0.37Mt @ 1.15% Ni for total Mineral Resource of 0.83Mt @ 1.13% Ni. There has been no Material Change or Re-estimation of the Mineral Resource since this 15 November 2007 announcement by Australian Mines Limited.

³³ Modified from – Talisman Mining Limited, Talisman to acquire Sinclair Nickel Project, released 20 October 2014



Corporate Activity

Capital Raising Activities

Australian Mines completed a fully-underwritten Entitlement Offer³⁴ during the period resulting in the Company raising approximately \$2 million before costs. The funds raised through this strongly-supported Offer to shareholders are being directed, in part, to the construction of the Demonstration-Size processing plant in Perth, which is contracted to produce commercial grade cobalt sulphate and nickel sulphate for the battery market, and a premium quality scandium oxide for delivery to our collaborative partner in Europe.

Australian Mines also raised funds totaling \$4.3 million in February³⁵, through a strategic placement of 60,745,071 fully paid ordinary shares (at \$0.008 per share to raise \$485,960) and the issue of zero-coupon unsecured convertible notes (also at \$0.08 to raise a further \$3,804,310) to professional investors introduced by UK-based, FCA regulated Arlington Group Asset Management Limited.

The mandatory conversion of the convertible notes was triggered in during the March quarter³⁶, and later approved by shareholders, following the sustained strength of the Company's share price.

Earlier in the quarter, the Company raised \$807,527 through a separate private placement to sophisticated and professional investors of 128,179,029 fully paid ordinary shares at \$0.0063 per share, while investors also acquired a further \$192,473 in shares via the Less than Marketable Parcels facility³⁷.

General Meeting

The Company held a General Meeting post period-end at 10.30am (Australian East Standard Time, AEST) on 11 April 2017 at the Royal South Yarra Lawn Tennis Club, 310 Williams Road North, Toorak Victoria.

All resolutions put at the meeting were passed³⁸ by shareholders.

³⁴ Australian Mines Limited, Entitlement Offer raises \$2 million – Funds construction of demonstration-scale processing plant for Sconi and Flemington, released 5 April 2017

³⁵ Australian Mines Limited, Significant capital raising to fast-track the development of Australian Mines' two core scandium-cobalt assets, released 21 February 2017

³⁶ Australian Mines Limited, Strong share price performance results in obligation for convertible note conversion released 23 March 2017

³⁷ Australian Mines Limited, Sophisticated investors secure \$1 million position in Australian Mines, released 8 February 2017

³⁸ Australian Mines Limited, Results of General Meeting, released 11 April 2017



Promotional Activities

Australian Mines' promotional activities during the March quarter included exhibiting at the RIU Explorers Conference in Fremantle, Western Australia, which was held on 22 & 23 of February 2017 and a significant investor and potential customer road show by Managing Director Benjamin Bell through Europe and Asia during March. Australian Mines is also undertaking a road show in the Middle East next week.

The Company has committed to exhibiting at the Aluminium China 2017 Expo in Shanghai on 19-21 July, following successful introduction at a similar end-customer trade event in late 2016.

*****ENDS*****

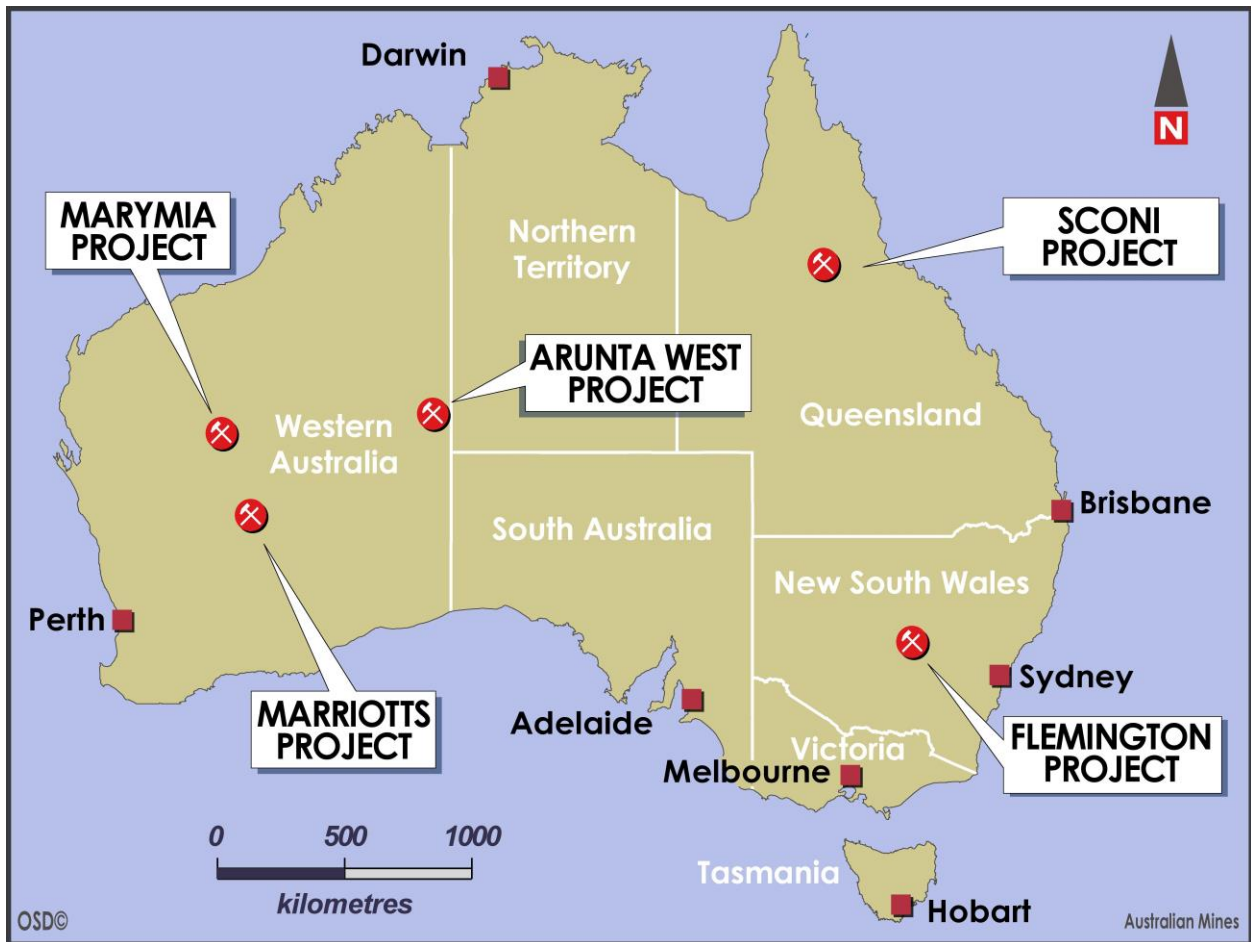
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Location map of Australian Mines' development and exploration projects across Australia.



Competent Persons' Statements

Sconi Cobalt-Nickel-Scandium Project

The Mineral Resource for the Sconi Cobalt-Nickel-Scandium Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 31 March 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited.

Flemington Cobalt-Scandium-Nickel Project

The Mineral Resource for the Flemington Cobalt-Scandium-Nickel Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines Limited on 31 March 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited.

Arunta West Copper-Gold Project

Information in this report that relates to Arunta West Copper-Gold Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Doolgunna-Marymia Gold Project

Information in this report that relates to Doolgunna - Marymia Gold Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr. Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr. Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Marriotts Nickel Project

The information in this report that relates to the Marriotts Nickel Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Elias is a director of Australian Mines Limited. Mr. Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. This document contains Mineral Resources of the Marriotts Nickel Project that are reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.

Appendix 1: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%
Western Australia	Arunta West	E80/5031	Pending	0%
Western Australia	Arunta West	E80/5032	Pending	0%
Western Australia	Doolgunna-Marymia	E52/2394	Granted	51%
Western Australia	Doolgunna-Marymia	E52/2395	Granted	51%
New South Wales	Flemington	EL7805	Granted	0%
New South Wales	Flemington	EL8546	Granted	0%
New South Wales	Flemington	EL8478	Granted	0%
New South Wales	Thackaringa	EL8477	Granted	0%
Queensland	Sconi	ML 10366	Granted	0%
Queensland	Sconi	ML10342	Granted	0%
Queensland	Sconi	ML10324	Granted	0%
Queensland	Sconi	ML 10332	Granted	0%
Queensland	Sconi	ML 20549	Granted	0%
Queensland	Sconi	ML 10368	Granted	0%

Queensland	Sconi	MDL 515	Granted	0%
Queensland	Sconi	MDL 387	Granted	0%
Queensland	Sconi	EPM 25834	Granted	0%
Queensland	Sconi	EPM 25865	Granted	0%
Queensland	Sconi	EPM 25833	Granted	0%

Purchase Agreement – Flemington Cobalt-Scandium-Nickel Project

Australian Mines announced on 10 October 2016 that the Company had entered into an Option Agreement with Jervois Mining Limited (ASX: JRV) to acquire 100% of the Flemington Cobalt-Scandium-Nickel Project near Fifield in New South Wales.

The Flemington Project comprises the granted tenements EL7805 and EL8546 (previously pending exploration tenement ELA5370, which was subsequently granted by the New South Wales Department of Trade and Investment, Resources and Energy Division on 30 March 2017).

Under the terms of this Agreement, Australian Mines has been granted a series of options to enable the Company to purchase 100% of the Flemington Scandium-Cobalt Project:

- Option 1: a non-refundable fee which Australian Mines paid upon execution of the Agreement for the option period to 7 January 2017;
- Option 2: a non-refundable fee which Australian Mines paid in December 2016 for the option period to 7 April 2017;
- Option 3: a non-refundable fee which Australian Mines paid in April 2017 for the option period to 7 October 2017;
- Option 4: a non-refundable \$500,000 fee payable by Australian Mines upon expiry of Option 3 (being 7 October 2017) for a further 6 months; and
- Option 5: a non-refundable \$500,000 fee payable by Australian Mines upon expiry of Option 4 (being 7 April 2018) for a further 6 months.

The total purchase price of the Flemington Cobalt-Scandium-Nickel Project will be \$6 million, minus the total of all option fees paid. The Agreement with Jervois Mining also includes a 1.5% gross sales royalty on all proceeds from the sale of products derived from the Flemington assets. Australian Mines has the right to withdraw from this acquisition at any time.

Australian Mines is the operator and manager of the Flemington Project.

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
AUSTRALIA					
New South Wales	Flemington	EL8546	Granted	0%	Tenement was granted by NSW Resources and Energy Division on 30 March 2017. EL8546 was previously ELA5370
New South Wales	Flemington	EL8478	Acquired	100%	Announced 27 February 2017
New South Wales	Thackaringa	EL8477	Acquired	100%	Announced 27 February 2017

Tenement Purchase Agreement – Exploration Licences 8477 and 8478

Australian Mines announced on 27 February 2017 that the Company has entered into an agreement with an unrelated party (Dashell Pty Ltd) to acquire 100% of the Exploration Licences 8477 and 8478.

This equity transaction, which was approved by shareholder at the Company's General Meeting held on 11 April 2017, 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.

Dashell Pty Ltd do not retain any royalty on these tenements, nor are there any claw-back mechanisms or similar attached to these tenements.

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015
Western Australia	Arunta West	Joint Venture Agreement	Australian Mines and Jervois Mining	0%	Announced 23 May 2016
Queensland	Sconi	Joint Venture Agreement	Australian Mines and Metallica Minerals	0%	Announced 10 October 2016

Doolgunna – Marymia Joint Venture

Australian Mines currently holds a 51% interest in the Australian Mines – Riedel Resources (ASX: RIE) joint venture tenements of E52/2394 & E52/2395, with Australian Mines on track to satisfying its exploration spending obligations to earn an 80% interest in these tenements by May 2018.

Australian Mines is the operator and manager of the Doolgunna-Marymia Project.

Arunta West Joint Venture

Under the Arunta West joint venture agreement, Australian Mines has the right to farm into Jervois Mining's three exploration licenses of E80/4820 (granted), E80/4896 (under application) and E80/4897 (under application), which cover a total area of approximately 345 square kilometres.

The key terms of this agreement include:

- Australian Mines must spend a minimum of \$350,000 on exploration by 23 May 2018 to acquire a 51% interest in the Arunta West Project.
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% (taking the total to 80%) in the Arunta West Project by spending a further \$3.15 million on exploration within a further 24 month period.

The Company remains on track to satisfy its exploration spending obligations and earn its initial 51% interest in these tenements by May 2018.

Australian Mines is the operator and manager of the Arunta West Project.



Sconi Joint Venture

Australian Mines announced on 10 October 2016 that the Company had entered into a joint venture agreement with Metallica Minerals Limited (ASX: MLM) to earn up to a 75% interest in the advanced Sconi Cobalt-Nickel-Scandium Project near the historic mining centre of Greenvale in northern Queensland.

The key terms of the Sconi joint venture agreement include:

- Australian Mines can earn a 50% interest in the Sconi Cobalt-Nickel-Scandium Project by completing a Bankable Feasibility Study (BFS) on the project by October 2020 (or spend \$10 million on the project by this date – whichever occurs first).
- Australian Mines can earn an additional 25% (taking the total to 75%) in the Sconi Cobalt-Nickel-Scandium Project by procure thing funding contemplated in the BFS no later than 18 months following completion of this study.
- Australian Mines has the right to withdraw from this joint venture at any time.

Australian Mines is the operator and manager of the Project.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-

Appendix 2: Mineral Resource Estimates

Mineral Resource for the Sconi Cobalt-Nickel-Scandium Project³⁹

Measured Resource:	0.7 million tonnes	208 g/t Scandium
Indicated Resource:	6.5 million tonnes	174 g/t Scandium
Total Resource:	7.2 million tonnes	177 g/t Scandium
Total Scandium Oxide (Sc ₂ O ₃)*:	1,950 tonnes	(using a 100g/t Sc lower cut-off)

Measured Resource:	17 million tonnes	0.80% Nickel	0.07% Cobalt
Indicated Resource:	48 million tonnes	0.58% Nickel	0.07% Cobalt
Inferred Resource:	24 million tonnes	0.41% Nickel	0.04% Cobalt
Total Resource:	89 million tonnes	0.58% Nickel	0.06% Cobalt
Total Contained Metal:	514,000 tonnes of Nickel metal 54,500 tonnes of Cobalt metal		Using a COG of 0.7% NiEq

³⁹ The Mineral Resource Estimate for the Sconi Cobalt-Nickel-Scandium Project is reported under JORC 2012 Guidelines and was first reported by Australian Mines on 31 March 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited. The NiEq is similarly described in the Company's 31 March 2017 announcement.

* Total contained scandium metal tonnage multiplied by 1.53 to convert to total Sc₂O₃, being the saleable scandium product

Mineral Resource for the Flemington Cobalt-Scandium-Nickel Project⁴⁰

Measured Resource:	2.67 million tonnes	435 g/t Scandium
Indicated Resource:	0.47 million tonnes	426 g/t Scandium
Total Resource:	3.14 million tonnes	434 g/t Scandium
Total Scandium Oxide (Sc ₂ O ₃)*:	2,085 tonnes	(using a 200 g/t Sc lower cut-off)

Mineral Resource for the Marriotts Nickel Project⁴¹

Indicated Resource:	0.46 million tonnes	1.12% Nickel
Inferred Resource:	0.37 million tonnes	1.15% Nickel
Total Resource:	0.83 million tonnes	1.13% Nickel
Total Contained Nickel Metal:	9,400 tonnes	(using a 0.5% Ni lower cut-off)

⁴⁰ The Mineral Resource Estimate for the Flemington Cobalt-Scandium-Nickel Project is reported under JORC 2012 Guidelines and was first reported by Australian Mines' on 31 March 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 March 2017 announcement by Australian Mines Limited.

* Total contained scandium metal tonnage multiplied by 1.53 to convert to total Sc₂O₃, being the saleable scandium product

⁴¹ The information regarding Australian Mines' Mineral Resource Estimate for the Marriotts Nickel Project has been extracted from various Company announcements, which are available on the Australian Mines website (www.australianmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "AUZ"). Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement. The Marriotts Mineral Resources is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.

Appendix 3: Estimated Production Achievable from Demonstration-Size Processing Plant

		Scandium	Cobalt	Nickel
Feed rate	kg/day	2200	2200	2200
Feed grade	ppm	370		
Feed grade	%	0.04%	0.11%	0.81%
Leach extraction	%	94%	94%	94%
Wash recovery	%	99%	99%	99%
Iron removal loss	%	0%	2%	2%
SX recovery	%	99%	99%	99%
Precipitation recovery	%	99.50%	99.50%	99.50%
Overall recovery from leach feed to product	%	92%	90%	90%
Metal production rate	kg/day	0.75	2.17	16.01
Molecular weight (metal)	g/mol	45	59	59
Product form		Scandium oxide (Sc ₂ O ₃)	Cobalt Sulphate (CoSO ₄ .6H ₂ O)	Nickel Sulphate (NiSO ₄ .6H ₂ O)
Molecular weight (product)	g/mol	137.92	262.93	262.69
End product production rate	kg/day	1.14	9.70	71.65
End product production rate	kg/week	8.01	67.90	501.57

* when run of a continuous basis