

11 May 2017

## Resource extension drilling commences at Flemington Cobalt-Scandium-Nickel Project

- 185-hole drill program commenced at the Flemington Cobalt-Scandium-Nickel Project in New South Wales
- Cobalt mineralisation co-exists with high-grade scandium in Flemington ore body, which is a continuation of Clean TeQ's neighbouring Syerston deposit<sup>1</sup>
- Drill program targeting an increase in overall tonnage as well as head grade of cobalt mineralisation
- Previous drilling returned relatively thick intersections of cobalt mineralisation, such as 14 metres at 0.21% cobalt from 6 metres and 9 metres at 0.21% cobalt from 6 metres<sup>2</sup>
- Scoping Study found high-grade cobalt mineralisation continues beyond the current Mineral Resource Estimate<sup>3</sup>

**Managing Director, Benjamin Bell commented,** *"The resource extension drilling program is another important step forward in Australian Mines' strategy to become one of the world's largest suppliers of scandium and a significant supplier of cobalt and nickel to the rapidly growing electric vehicle and technology metal sectors."*

*"With discussions on-going with a number of potential customers and partners across Europe, Asia and the Middle East, there is an appetite for Australian Mines' increasing the Flemington project's projected mine life beyond its currently estimated 30 years of production<sup>4</sup>. Likewise, there appears to be sufficient demand for these commodities to warrant increasing the total*

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

<sup>2</sup> Jervis Mining Limited, EL7805 scandium project – May 2015 drill results, released 17 June 2015

<sup>3</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 Limited

<sup>4</sup> Australian Mines Limited, Technical Reports, released 31 March 2017

*annual production beyond that initially outlined in the company's recently completed Scoping Study. This, in turn, would further cement the Flemington project as a true 'world class' asset<sup>5</sup>.*

*"This drill program will cover an area some three-times larger than the footprint of the current Flemington ore body, including extending the drilling to the north and northwest where previous drilling intersected thick, high-grade cobalt mineralisation within 10 metres from the surface<sup>6</sup>.*

*"There is also potential to upgrade and extend the existing scandium resource already established as one of the highest-grade scandium deposits in the world<sup>7</sup>."*

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Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce that it has commenced its resource extension drilling program at the Flemington Cobalt-Scandium-Nickel Project, located in central New South Wales<sup>8</sup>.

This air core drilling program, which comprises 185 holes (approximately 5,500 metres in total) will cover an area three-times larger than the existing Mineral Resource<sup>9</sup>, and is designed to better define the project's cobalt and nickel resource, as well as potentially upgrade and extend the existing scandium resource at Flemington.

Recent modelling of the mineralisation at Flemington clearly indicates this ore body is the continuation of the neighbouring Syerston mineralisation<sup>10</sup>, with the two projects part of the same geological sequence separated only by a common tenement boundary.

In March 2017, Australian Mines submitted a Mining Lease Application (MLA 538) over the Flemington project, that not only included the existing Mineral Resource<sup>11</sup> but also covered a significant percentage of the prospective geology that hosts the cobalt, nickel and scandium mineralisation at Flemington<sup>12</sup>.

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<sup>5</sup> 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/amecconference.pdf](http://www.bhpbilliton.com/-/media/bhp/documents/investors/reports/2006/amecconference.pdf)). The economic analysis completed by SRK in their Scoping Study for the Flemington project, and announced by Australian Mines on 31 March 2017, indicates that this project can satisfy this requirement and, if so, qualifies as a 'world class' asset.

<sup>6</sup> Jervois Mining Limited, EL7805 scandium project – May 2015 drill results, released 17 June 2015

<sup>7</sup> Jervois Mining Limited, Quarterly Report to 31 December 2015, released 29 January 2016

<sup>8</sup> As announced by the Company on 10 October 2016, Australian Mines has entered in to an option agreement with Jervois Mining Limited (ASX: JRV) for Australian Mines to acquire a 100% interest in the Flemington project

<sup>9</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 Limited.

<sup>10</sup> Australian Mines Limited, Technical Reports, released 31 March 2017

<sup>11</sup> Australian Mines Limited, Technical Reports, released 31 March 2017

<sup>12</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



Final assay results from the Company's current drilling program are anticipated to be received in July with Australian Mines targeting a Mineral Resource update in September 2017. Once completed, the Company will move straight to a Pre-Feasibility Study (PFS) which is expected to begin in October and be completed by May 2018.

Australian Mines is also planning to commence construction of a fully-operational demonstration-size processing plant in Perth, Western Australia, later this month to fast-track positive engagement with potential off-take customers. Australian Mines is targeting commencement of production of commercial-grade cobalt sulphate, nickel sulphate and scandium oxide from this plant in November 2017.

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

**For further information:**

**Shareholders contact:**

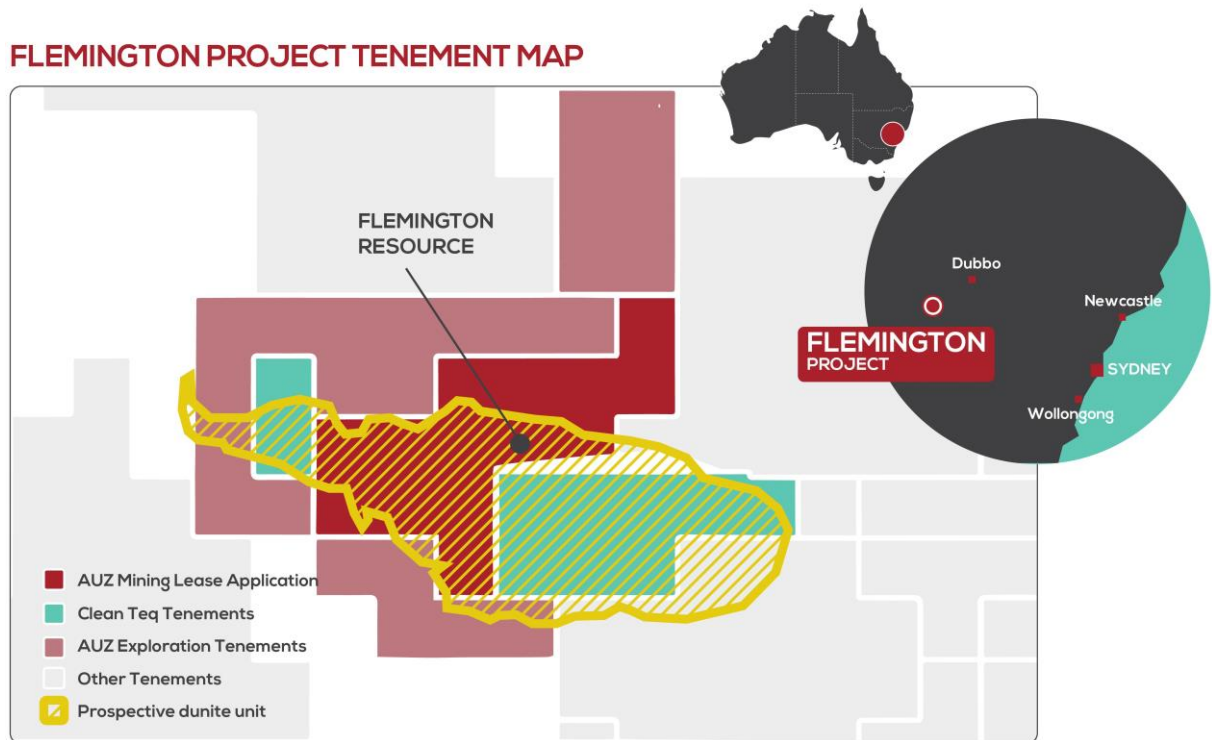
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**Figure 1:** Australian Mines' resource extension drilling at its Flemington Cobalt-Scandium-Nickel Project has commenced. This program comprises 185 air core holes for an expected total of 5,500 metres to be drilled.



**Figure 2:** Location of Australian Mines' Flemington Project in New South Wales, Australia. The Flemington project has the potential to offer international technology and automotive companies a reliable future source for their cobalt sulphate, scandium and possibly nickel sulphate from a region whose mining practices are aligned with international laws and regulations.



## **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.