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Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

## ASX RELEASE

### Quarterly Activities Report for period ended 31 March 2023

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide its Quarterly Activities Report for the period ending 31 March 2023. During the period, the Company focussed on advancing its flagship, 100%-owned Sconi Nickel-Cobalt-Scandium Battery Chemical Project in North Queensland (“Sconi”).

#### Key Activities include:

- **Sconi Project Studies** – Following the technical and financial review of the business and the change in strategic direction to advance the Sconi project as a Nickel and Cobalt Sulphate Project, Australian Mines has been advancing this strategy along numerous fronts. Australian Mines submitted an Impact Assessment Statement with the Department of Environment and Sciences (DES) as a voluntary EIS with the application being accepted. Surface sampling exploration works continue on-site to identify additional resource expansion potential for further exploration drilling programs. Environmental seasonal monitoring and surface and ground water monitoring has commenced. Discussions with the Department of Resources are advancing regarding the granting of mining lease for the Greenvale MLA10368, which complements the granted Mining Leases at Lucknow (ML 10366) and Kokomo (ML 10342). The Company remains committed to assisting our current offtake partner LG Energy Solution (“LGES”) to meet its future cobalt and nickel requirements. Discussions are continuing regarding the required amendments to the Offtake Agreement. We are also seeking partners to fund the project to Final Investment Decision. The Company will update the market in due course with respect to such amendments and collaboration on finalisation.

- **ASIC Settlement** – On 13 January 2023, the Federal Court approved the agreement between Australian Mines and ASIC to resolve the Proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations.
- **R&D Tax Offset Refund** – On 19 January 2023, Australian Mines received its R&D Tax Offset refund from the Australian Taxation Office (ATO) for the 2022 financial year.
- **Securities and Options Issued** – Following shareholder approval, on 22 February 2023 Australian Mines issued options under the Subscription Agreements announced in November 2022. The Company also issued fully paid ordinary shares on 8 March 2023 under the same agreement after its February 2023 General Meeting.
- **Advancing Solid State Hydrogen Storage Metal Hydride project** – Following positive progress made on the Research and Development program targeting onboard Solid-State Hydrogen Storage solutions for light-duty vehicles, the Company is progressing with a program of intellectual property protection.

### **Sconi Project Studies**

A pathway to construction for nickel sulphate, cobalt sulphate and scandium oxide is being progressed including further technical studies, test work, environmental monitoring, permitting and approval, and strategies for project funding as we progress to the Final Investment Decision (FID) targeted for the end of 2025.

The Company remains committed to assisting our current offtake partner LGES to meet its future requirements of critical battery minerals of cobalt and nickel. Discussions are continuing with LGES regarding the required amendments to the Offtake Agreement following the strategic shift to develop Sconi as a nickel sulphate, cobalt sulphate, and scandium oxide project. We are also seeking collaborative partners to fund the project to Final Investment Decision. The Company will update the market in due course with respect to such amendments and collaboration on finalisation.

### **Sconi Mining Lease Boundaries**

A review of the Greenvale, Lucknow and Kokomo mining lease/lease application boundaries has been completed. The current boundaries cover the current mineral

resource, but require expansion to accommodate the mining pits, stockpiles, process plant, tailings dam and all associated infrastructure.

Additional infrastructure leases will need to be created which comprise :

- Haul road and tailings pipeline linking the Greenvale and Lucknow ML's
- Pumping station and water pipeline between the Burdekin river and the Greenvale ML
- Haul road linking the Greenvale and Kokomo ML's

Consequently, an application for a total of 5 leases will be undertaken. This will comprise extended mining leases/applications for Greenvale, Lucknow and Kokomo as well as two infrastructure leases connecting the three mining leases as described above. These applications will commence in Q2 2023.

### **Permitting and Environmental**

During the quarter, an Initial Advice Statement (IAS) and an application for a voluntary Environmental Impact Statement (EIS) for the Sconi Project was submitted to the Queensland Department of Environment and Science (DES) for their consideration. DES have since informed AUZ that the application for the voluntary EIS meets the department's requirements.

Wet season baseline surface and groundwater studies were completed at the Sconi mining leases. This forms part of the Environmental Impact Study (EIS) for Sconi.

### **Exploration Activities**

During the quarter, field exploration programs and associated cost estimates for all 14 Sconi Project exploration tenements were prepared. A significant portion of the exploration activities planned for 2023 will consist of follow-on surface rock and soil sampling in the form of extensional and in-fill sampling in areas where anomalous nickel and cobalt mineralisation was identified in 2022. Early-stage reconnaissance drilling is planned for an area to the east of the old Greenvale Mine site.

Undertaking proper and credible field exploration on all 14 tenements in a single year (2022) following the Covid-19 pandemic restrictions was not possible and therefore those tenements which were not visited in 2022 become a priority for 2023.

## **Studies Development**

Additional metallurgical test work has been planned for the 2018/2019 Bankable Feasibility Study (BFS) review and update. This work is to include:

- Recommendations from a SNC Lavalin Technical Review of the 2018 BFS
- Feedback from the PQ review of the 2018 BFS
- Selected and relevant parts of the MHP PFS Test Programme
- Recommendations for further work from previous technical reports
- Validation of minor changes to the nickel and cobalt sulphate process flowsheet
- Continuous run on the Demonstration plant
- Further scandium oxide development work

The planned sulphate and scandium test work and further P-CAM development work were contained in an application for a Commonwealth government grant for the Critical Minerals Development Program (“CMDP”). The CMDP application was submitted on 20 February with feedback expected in June.

## **ASIC Settlement**

On 13 January 2023, the Federal Court approved the agreement between Australian Mines and ASIC to resolve the Proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations, and paying a penalty of \$450,000 of which the first instalment has been made with the remainder due in the second Quarter. The Company also paid ASIC’s costs in the amount of \$55,550.

## **R&D Tax Offset Refund**

On 19 January 2023, Australian Mines received its research and development (R&D) Tax Offset refund of \$473,961 from the Australian Taxation Office (ATO) for the 2022 financial year (2021: \$409,325). The Australian Federal Government’s R&D Tax Incentive scheme offers refundable tax offset for eligible R&D activities to encourage Investment in R&D. The funds received are being used to continue advancing the Sconi Project.

## **Securities and Options Issued**

Following shareholder approval, on 22 February 2023 Australian Mines issued 21,186,441 options each to SBC Global Investment Fund and Lind Global Fund II, LP under the

Subscription Agreements announced in November 2022. The Company also issued 10,810,812 fully paid ordinary shares on 8 March 2023 under the same agreement after its February 2023 General Meeting.

### **Solid State Hydrogen Storage Project progress**

Australian Mines Research and Development program targeting onboard Solid-State Hydrogen Storage solutions for light-duty vehicles has been progressed with the Company continuing with its program of intellectual property protection.

### **Corporate**

At the General Meeting on 15 February 2023, Shareholders passed the resolutions to:

- Ratify the issue of securities under the Subscription Agreements previously referred to and the Underwriting Agreement whereby the Underwriter underwrote the Entitlement Offer completed during the previous quarter;
- Approve the issue of securities under the Subscription Agreements referred to above.

ENDS

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*Authorised for release by the Board of Directors of Australian Mines Limited*



Australian Mines Limited supports the vision of a world where the mining industry respects the human rights and aspirations of affected communities, provides safe, healthy, and supportive workplaces, minimises harm to the environment, and leaves positive legacies.

## Appendix 1: Summary of Expenditure

	Total as per Cashflow Appendix 5B	Sconi Project	Flemington Project	Broken Hill Project	Biloela & Others
Exploration & Evaluation	48,952	-	38,001	8,654	2,297
Development	782,060	782,060	-	-	-
<b>Total</b>	<b>831,012</b>	<b>782,060</b>	<b>38,001</b>	<b>8,654</b>	<b>2,297</b>

**Table A1-1:** Project development, exploration, and evaluation expenditure (in Australian dollars) by Australian Mines for the quarterly period ended 31 March 2023.

Relinquishment of Biloela tenements was finalised in March 2023 in which Australian Mines wrote-off a total capitalised expenditure of \$42,747.

The aggregate payments to related parties and their associates for the reporting period under item 6.1 of the Company's accompanying Appendix 5B (Quarterly Cashflow Report) was \$78,750 which constitutes director fees salaries, superannuation and business expense reimbursement.

No consulting fees were paid to any related parties or their associates during the quarter.

Similarly, no payments in any form (except for the standard director fees, salaries, superannuation, and business expense reimbursement) were paid to any related party of Australian Mines or their associates during this reporting period.

## **Appendix 2: Forward-Looking Statements**

This announcement contains forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions.

Any forward-looking statements in this document relating to the outcomes of the Sconi Project Feasibility Studies and ongoing refinement work as outlined in this report. Actual results and developments of projects and the market development may differ materially from those expressed or implied by these forward-looking statements. These, and all other forward-looking statements contained in this announcement are subject to uncertainties, risks and contingencies and other factors, including risk factors associated with exploration, mining, and production businesses. It is believed that the expectations represented in the forward-looking statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and productions results, resource estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Any forward-looking statement is included as a general guide only and speak only as of the date of this document. No reliance can be placed for any purpose whatsoever on the information contained in this document or its completeness. No representation or warranty, express or implied, is made as to the accuracy, likelihood or achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. Australian Mines does not undertake to update or revised forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

To the maximum extent permitted by law, Australian Mines and its Associates disclaim all responsibility and liability for the forward-looking statements, including, without limitation, any liability arising from negligence. Recipients of this document must make their own investigations and inquiries regarding all assumptions, risks, uncertainties, and contingencies which may affect the future operations of Australian Mines or Australian Mines' securities.

### Appendix 3: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
<b>AUSTRALIA</b>				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML 10342	Granted	100%
Queensland	Sconi	ML 10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	100%
Queensland	Sconi	MDL 515	Granted	100%
Queensland	Sconi	MDL 387	Granted	100%
Queensland	Sconi	EPM 25834	Granted	100%
Queensland	Sconi	EPM 25865	Granted	100%
Queensland	Sconi	EPM 25833	Granted	100%
Queensland	Sconi	EPM 26575	Granted	100%
Queensland	Sconi	EPM 26577	Granted	100%
Queensland	Sconi	EPM 26578	Granted	100%
Queensland	Sconi	EPM 26579	Granted	100%
Queensland	Sconi	EPM 26559	Granted	100%
Queensland	Sconi	EPM 26853	Granted	100%
Queensland	Sconi	EPM 26857	Granted	100%
Queensland	Sconi	EPM 26918	Granted	100%
Queensland	Sconi	EPM 27529	Granted	100%
New South Wales	Flemington	EL 7805	Granted	100%
New South Wales	Flemington	EL 8546	Granted	100%
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Flemington	EL 9321	Granted	100%
New South Wales	Broken Hill	EL 8477	Granted	100%
New South Wales	Broken Hill	EL 9300	Granted	100%
New South Wales	Broken Hill	EL 9326	Granted	100%



Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest	Comments
Queensland	Biloela	EPM28047	Disposed	-	
Queensland	Biloela	EPM28048	Disposed	-	
Queensland	Biloela	EPM28049	Disposed	-	
Queensland	Biloela	EPM28050	Disposed	-	

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

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

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

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