

6 November 2017

ASX: AUZ

## **Australian Mines secures \$20 million in funding via placement to international institutional investors**

### **HIGHLIGHTS**

- **Placement oversubscribed by more than 3-times the initial amount sought**
- **Funds ensure:**
  - **continued trial mining and sample production from its Sconi Cobalt-Nickel-Scandium Project in Queensland**
  - **completion of the Sconi Project's Bankable Feasibility Study and,**
  - **accelerated resource expansion drilling at the Company's Flemington Cobalt- Scandium-Nickel Project in New South Wales.**

The world is rapidly moving towards a low-emissions future. The major global automotive manufacturers, for example, are all looking to introduce battery-powered electric vehicles as a core part of their vehicle range over the coming years and governments are similarly seeking to incorporate renewables (with the associated battery storage) in their future energy mix to power cities and towns<sup>1</sup>.

Fundamental to this global shift is access to a reliable supply of the key battery metals including cobalt and nickel.

For that reason, Australian Mines Limited ("Australian Mines" or "the Company") has attracted (and continues to attract) significant interest from battery makers as well as other international companies that operate in the energy and automotive sectors given the scale and advanced nature of the Company's cobalt-nickel-scandium deposits.

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<sup>1</sup> Cobalt 27, Initial Public Offering (IPO) presentation, released May 2017

This, in turn, has placed Australian Mines squarely on the radar at some of the world's largest investment houses, most of whom are seeking to take positions in near-production cobalt-nickel operations.

Given the significant interest in Australian Mines from institutional fund managers, the Company approached a number of these funds for the purposes of acquiring an interest in Australian Mines via the recently completed placement.

The response from these funds was overwhelming, with the company receiving applications for almost \$40 million for what was intended to be a \$10 million placement.

After consultation between the Australian Mines' Board and the incoming investors, the Company accepted applications for \$20 million, comprising 235,294,118 fully-paid ordinary shares at an issue price of \$0.085 per share, which was the average price Australian Mines' shares traded at over the past 5 days (known as the 5-day VWAP).

Argonaut and London-based Arlington Group Asset Management acted as joint lead managers for the placement. This placement was undertaken in accordance with Section 708 of the Corporations Act and Listing Rule 7.1 and 7.1A of the ASX Listing. (A total of 87,610,596 shares were issued under Listing Rule 7.1 and 147,683,522 shares were issued under Listing Rule 7.1A)

Institutions that participated in this placement included a fund, which is arguably one of the world's largest investment managers.

A leading Asian-based resources investment company also used this opportunity to acquire a stake in Australian Mines<sup>2</sup>.

The willingness for these global funds to invest in Australian Mines is seen by the Company as a strong endorsement of the quality of its projects, the development strategy being pursued of these assets, and the strength of the Company's management team.

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<sup>2</sup> A minor portion of the placing was allocated to 'sophisticated' Australian investors, again, in accordance with Section 708 of the Corporations Act and Listing Rule 7.1 and 7.1A of the ASX Listing

As noted in Australian Mines' *Price and Volume Query Response* accepted by the ASX on 31 October 2017, whilst Australian Mines' share price has increased over the past month, the company's market capitalisation continues to trade at about a 75% discount to Clean TeQ Holdings. Thus, Australian Mines stock can be considered undervalued compared to its peer in Clean TeQ Holdings.

See Australian Mines *Price and Volume Query Response* accepted by the ASX on 31 October 2017, which confirms the 'like-for-like' comparison between Australian Mines' Sconi Project and Clean TeQ's Syerston (now Sunrise) projects is valid. As a result, the value / market capitalisation comparison between Clean TeQ's Syerston Project and Australian Mines' Sconi Project is similarly valid given that there is no known material difference in these two projects that could explain the value differential.

In order for a final investment decision to be made on Australian Mines' Sconi Cobalt-Nickel-Scandium Project, the Company is undertaking a Bankable Feasibility Study (BFS) due to be completed in April 2018.

In support of the BFS, Australian Mines is continuing trial mining and is also constructing a demonstration-size processing plant that will be capable of producing commercial-grade samples of cobalt sulphate, nickel sulphate and scandium oxide. These samples will be used to progress negotiations with potential off-take partners and financiers.

This placement ensures Australian Mines is fully-funded to complete the BFS, increase its trial mining activities, finalise construction the demonstration plant and produce commercial-grade samples of cobalt sulphate, nickel sulphate and scandium oxide.

At the Flemington Project, which is a direct continuation of Clean TeQ's Syerston ore body (recently renamed Sunrise), Australian Mines intends to extend and increase the mineral endowment through a series of drilling campaigns. The Company is also planning to complete a Pre-Feasibility Study (PFS) on Flemington by mid-2018.

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

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