Australian Mines Limited
ABN 68 073 914 191

Level 34, 1 Eagle Street
Brisbane, Queensland 4000
+61 7 3184 9184
info@australianmines.com.au

australianmines.com.au

For personal use only

1 December 2022

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
tradinghaltssydney.com.au

Confirmation of dispatch of Prospectus

Australian Mines Limited (ASX: AUZ) (AUZ or the Company) is pleased to advise that it has sent the Prospectus concerning the Entitlement Offer announced on 22 November 2022 to Eligible Shareholders as defined in that document and the Offer is now open.

Attached are the following documents for reference:

- Prospectus;
- Draft Application form;

Oliver Carton
Company secretary

For more information, please contact:

For more information, please contact:

Michael Holmes CEO
Australian Mines Limited
mholmes@australianmines.com.au

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.

For personal use only

Appendix 1: 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 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 Limited 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 Limited or Australian Mines Limited's securities.

For personal use only

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

PROSPECTUS

For a partly underwritten non-renounceable Entitlement Offer of 1 New Share for every 9.8 Shares held by eligible Shareholders registered at the Record Date at an issue price of $0.059 per New Share to raise up to approximately $2.8m (based on the number of Shares on issue as at the date of this Prospectus), together with 1 New Option for every 2 New Shares subscribed for and issued (**Offer**).

Partly underwritten by Bell Potter Securities to the amount of $1.04m.

The Directors and Key Management Personnel will partly co-underwrite the Offer to $251,000.

This Prospectus has been prepared for the purposes of section 713 of the Corporations Act.

Important Notice

This document is important and should be read in its entirety (including the 'Risk Factors' in section 5) before deciding whether to apply for New Shares. If after reading this Prospectus you have any questions about the New Shares and New Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered highly speculative.

For personal use only

IMPORTANT NOTES

This Prospectus is dated 22 November 2022 and a copy of this Prospectus was lodged with the ASIC on that date. ASIC, ASX and its officers, respectively, take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Shares and New Options to be granted quotation on ASX. The fact that ASX may quote the New Shares and New Options is not to be taken in any way as an indication of the merits of Australian Mines.

The Offer is not available to the general public and is only available to Shareholders on the Record Date.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or New Zealand or to otherwise permit a public offering of New Shares and New Options in any jurisdiction outside Australia or New Zealand. This Prospectus is not to be distributed in, and no offer of New Shares and New Options is to be made in, countries other than Australia or New Zealand.

Neither the New Shares nor New Options have been or will be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of Applicants to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by Australian Mines as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia, ,New Zealand, and Hong Kong.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applicants should rely on their own knowledge of the Company, refer to disclosures made by the Company to the ASX and consult their professional advisers before deciding whether to accept the Offer. Announcements made by the Company to ASX are available from the ASX website at http://www.asx.com.au/. The information in this Prospectus does not constitute a securities recommendation or financial product advice.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors in section 5 that could affect the performance of the Company and future value of New Shares before making an investment decision.

Some words and expressions used in this Prospectus have defined meanings which are explained in section 6.

IMPORTANT DATES

Event	Date
Trading Halt	21 November 2022
Announcement of the Subscription Agreements, announcement of the Entitlement Offer and lodgement of Appendix 3B	23 November 2022
Trading on an ex-entitlement basis	25 November 2022
Entitlement Offer Record Date	28 November 2022

Retail Entitlement Offer prospectus dispatched and Retail Entitlement Offer opens	1 December 2022
Retail Entitlement Offer closes	5.00 pm on 13 December 2022
Securities quoted on a deferred settlement basis from market open	14 December 2022
Announcement of results Last day for entity to issue the securities taken in the pro rata and lodge Appendix 2A	20 December (no later than 12.00pm)
Quotation of securities commences	21 December 2022
Expected despatch of holding statements	23 December 2022

The dates set out in the timetable above are indicative only and are subject to change without notice. Any change in the timetable does not affect the rights or obligations an investor or shareholder has following acceptance of an allocation in the Entitlement Offer.

For personal use only

For personal use only

1. DETAILS OF THE OFFER

1.1 Purpose of the Offer

As announced to the ASX on 22 November 2022, the Company has commenced a capital raising program as follows:

- The Subscription Agreement with Lind and SBC to raise $4.55m before costs;
- This Offer.

The proceeds from the Subscription Agreement and Offer are to be used for:

- Exploration programs at Sconi to increase size of resource
- Additional test work for studies and technical design to support Sconi Project Financing process
- Environmental works and studies to support Sconi Project Financing process
- Exploration activities to test the potential for expansion of the Sconi Project
- Expansion of senior leadership team
- Working capital and costs of the Offer.

1.2 Section 713 Corporations Act

Section 713 of the Corporations Act sets out special content rules for prospectuses for an offer of continuously quotes securities or options over continuously quoted securities. The New Shares and New Options meet this definition, and accordingly the Company has relied on disclosures made to ASX to meet some of its disclosure obligations in this Prospectus. This Prospectus therefore does not contain all the information usually included in a Prospectus and Shareholders should refer to disclosures made by the Company to ASX.

1.3 Details of the Offer

This Prospectus offers via a non renounceable pro rata entitlements issue to Shareholders approximately 47.8m New Shares and 23.9m New Options on the basis of 1 New Share for every 9.8 Shares held at the Record Date at an issue price of $0.059 for each New Share to raise approximately $2.8 before issue costs.

Shareholders who are on Australian Mines' Share Register at the close of business on the Record Date, being 5:00 pm on 28 November 2022, will receive the Offer.

The offer includes one (1) free option attaching to every two (2) New Share issued, having an exercise price of $0.089 and an expiry date of 5:00pm (AEDT) on 20 December 2025.

Fractional entitlements will be rounded up to the nearest whole number of New Shares and New Options, and therefore the maximum number of New Shares to be issued is approximate. For this purpose, holdings in the same name are not aggregated for calculation of Entitlements, however, if Australian Mines considers that holdings have been split to take advantage of rounding, Australian Mines reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Entitlement and Acceptance Form setting out your Entitlement to New Shares and New Options accompanies this Prospectus. The New Shares offered under this Prospectus will rank equally with the Existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares and New Options is set out in section 4.1.

The maximum amount to be raised under the Offer is approximately $2.8m. There is no minimum amount. If less than $2.8m is raised, Australian Mines will scale back its proposed operations accordingly.

1.4 Applying for Additional New Shares and New Options

Entitlements not taken up may become available as Additional New Shares and New Options. Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares and New Options regardless of the size of their present holding.

For personal use only

The allocation of Additional New Shares and New Options (if any) will depend on the availability of Entitlements not taken up and will be determined by the Board at its absolute discretion. It may be necessary to scale back allocations depending on the level of Applications received. The Board intends to scale back proportionally if a scale back is necessary.

It is an express term of the Offer that applicants for Additional New Shares and New Options will be bound to accept a lesser number of Additional New Shares and New Options allocated to them than applied for. If a lesser number is allocated to them, excess Application Money will be refunded without interest. There can be no guarantee that you will receive any Additional New Shares and New Options applied for, and you may receive all, some or none of them.

Excess Application Money will be refunded without interest..

1.5 Opening and Closing Dates

The opening date of the Offer will be 1 December 2022 and the Closing Date will be 13 December 2022. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so, subject to the Corporations Act and ASX Listing Rules.

1.6 Application

An Application for New Shares must be made using the Application Form attached to this Prospectus and must follow the procedures advised to them by the Company to apply for New Shares under the Offer.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account. Excess Application Money received for Additional New Shares and New Options if not accepted will be refunded without interest. Upon allotment of New Shares and New Options the balance of funds in the account plus accrued interest will be received by the Company. If the New Shares are not quoted by ASX within three months after the date of this Prospectus, Australian Mines will refund all Application Money in full (without interest).

1.7 Risks

Section 5 outlines the key risk factors involved in investing in the Company. The risks identified by the Directors are not exhaustive. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares and New Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Shareholders should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares and New Options.

1.8 Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on Annexure 1. By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

1.9 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, its related bodies corporate and their respective officers 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.

1.10 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, no persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

There will be no change to the substantial holders on completion of the Offer.

1.11 Effect of the Offer on the Control of the Company

There will be no effect on control as a result of the Offer.

1.12 Effect on Financial Position of the Company

The expected financial impact of the Offer will be to increase cash reserves of the Company by up to $2.8m before costs. Section 2 sets out further in formation.

1.13 ASX Quotation

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will not issue any New Shares and will refund all Application Money in full as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares or New Options.

1.14 Offer Outside Australia

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, Singapore, Hong Kong or New Zealand because of the small number of such Shareholders, the cost of complying with applicable

For personal use only

regulations in jurisdictions outside Australia and the value of the Securities offered. The Prospectus is sent to those Shareholders for information only.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, Singapore, Hong Kong and New Zealand (other than to Eligible Shareholders).

This document does not constitute an offer of New Shares or New Options in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document may be distributed in Hong Kong solely to existing shareholders of the Company. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

The New Shares and the New Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

1.15 Market Prices of Existing Shares on ASX

During the six months immediately preceding the lodgement of this Prospectus with ASIC, and the last market sale price on the date before the lodgement date of this Prospectus:

(a) the highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, are set out below:

	6 months high	6 months low	Last Market Sale Price
Share Price	$0.144	$0.058	$0.069
Date	23 May 2022	30 June 2022	18 November 2022

(b) The volume weighted average sale price (VWAP) on the Australian Securities Exchange of the Shares during the historic periods up to the close on 18 November 2022 were:

$0.068 VWAP for the 15 day trading period

$0.067 VWAP for the 30 day trading period, and

1.16 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

For personal use only

For personal use only

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their securities holding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.17 Taxation Implications

The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of applying for New Shares and New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of applicants. Applicants should consult their own professional tax adviser in connection with the taxation implications of the Offer.

1.18 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company www.australianmines.com.au/our-value-proposition). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian, Hong Kong or New Zealand resident and must only access this Prospectus from within Australia and New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.19 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

1.20 Disclaimer

No person is authorised to give information or to make any representation in connection with the offers described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. You should rely only on information in this Prospectus.

1.21 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for securities under this Prospectus.

1.22 Enquiries

If you require further information about the Offer, please contact Automic on 1300 288 664 or +61 2 9698 5414 between 8:30am and 5:00pm (AEST) or email corporate.actions@automicgroup.com.au.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

2. USE OF FUNDS AND EFFECT OF THE ISSUE

2.1 Use of Funds

As set out in the ASX Announcement dated 22 November 2022, Australian Mines will use funds raised from the Subscription Agreement and the Offer to executes its plan to bring its flagship Sconi Project into production. The funds will be applied to project financing activities, to bolster the management team and exploration outside the Sconi Project's current Ore Reserve and Mineral Resource.

Activity	Cost $(million)
Sconi team contracting/employment	2.0
Sconi nickel exploration	1.0
Flemington cobalt exploration	0.3
Broken Hill cobalt exploration	0.3
Test work for studies	1.65
Working capital	1.6
Cost of the Subscription Agreement and Offer	0.5
Total	**$7.35 million**

The Directors reserve the right to make any adjustments to the use of funds as they see fit to manage the needs of the Company. Additional funds up to a maximum value of approximately $2.1 million may become available to the Company, should the New Options be exercised, however, the Company is not relying on these additional funds for its planned work programs

2.2 Effect of the Offer on Capital Structure

The effect of the Offer on the Company's capital structure is as follows:

Ordinary shares	Number	Equity percentage
Existing Shares	468,753,841	86.6
Subscription Agreement Initial Shares *	25,000,000	4.6
New Shares	47,832,025	8.8
Total	541,585,866	100

Options	Number	Equity percentage

For personal use only

Existing Options	38,356,144	59.6
Sub-underwriter Options	2,082,738	3.2
New Options	23,916,012	37.2
Total	**64,374,156**	**100**

* the Subscription Agreement requires an issue of 25,000,000 Initial Shares. It also requires Shares to be issued from time to time at various prices over the life of the Subscription Agreement – see section 6.2 for further details.

Shareholders who do not participate in the Offer will therefore be diluted. The amount of the dilution will depend on the number of Shares held by non-participating holders and the number of New Shares actually issued.

2.3 Statement of Financial Position

Set out below is the audit reviewed Consolidated Balance Sheet of the Company as at 30 June 2022 and an unaudited pro forma Consolidated Balance Sheet of the Company after the Subscription Agreement and Entitlement Offer assuming that the amount of $4.55m is received under the Subscription Agreement and $2.8 million is received under the Entitlement Offer, without deducting costs. The financial information prepared below is prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

	Audited Financial Report 30 June 2022 $000	Adjustments $000	Pro forma unaudited Financial Report 30 June 2022 $000
CURRENT ASSETS			
Cash and cash equivalents *	3,994	7,350	11,344
Trade and other receivables	142		142
TOTAL CURRENT ASSETS	4,136	7,350	11,486
NON-CURRENT ASSETS			
Exploration and evaluation assets	37,791		37,791
Investment accounted for equity method	-		-
Intangibles	17		17
Property, plant and equipment	271		271
TOTAL NON-CURRENT ASSETS	38,079	-	38,079

For personal use only

TOTAL ASSETS	42,215	7,350	49,565
CURRENT LIABILITIES			
Trade and other payables	342		342
Provisions	721		721
Lease Liability	181		181
TOTAL CURRENT LIABILITIES	1,244	-	1,244
NON-CURRENT LIABILITIES			
Provisions	-		-
Lease Liability	-		-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	1,244	-	1,244
NET ASSETS	40,971	7,350	48,321
EQUITY			
Contributed equity	102,115	7,350	109,465
Reserves	4,250		4,250
Accumulated losses	(65,394)		(65,394)
TOTAL EQUITY	40,971	7,350	48,321

* The potential funds on completion of the Offer (using 30 June 2022 closing cash as a starting point) does not represent the actual or prospective cash or financial position of Australian Mines. The above table does not take into account activities of the Company since 1 July 2022 and this expenditure is not recognised in the pro-forma Statement of Financial Position. The above table does not take into account the costs of the Offer.

The Offer will therefore have the effect of increasing the Company's cash assets by $7.35m before costs, assuming all Entitlements are taken up. As disclosed in the ASX Appendix 5B lodged on 27 October 2022, as at 30 September 2022 the Company held $1.642m in cash. Since that time it has incurred further expenses.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Shares and New Options to which Eligible Shareholders are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form.

For personal use only

For personal use only

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement (refer Section 3.2);
- apply for Additional New Shares and New Options (refer Section 3.3);
- take up part of your Entitlement and allow the balance to lapse (refer Section 3.4); or
- allow all or part of your Entitlement to lapse (refer section 3.5).

Non-qualifying foreign Shareholders may not take any of the steps set out in Sections 3.2 to 3.6.

Once you have taken up all or part of your Entitlement, you have accepted the Offer and cannot cancel that acceptance. The Company will not issue any refunds in those circumstances.

3.2 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form.

You must pay the Application Money in accordance with Section 3.6 to reach the Company's Share Registry no later than 5:00 pm AEDT on 13 December 2022.

3.3 Applications for Additional New Shares and New Options

Eligible Shareholders who have applied for their full Entitlement may, in addition to their Entitlement, apply for Additional New Shares and New Options as described in section 1.4. There is no limit to the amount of Additional New Shares and New Options you may apply for, however there can be no guarantee that you will receive all or any of the Additional New Shares and New Options applied for.

A single payment should be used for the Application Money for your Entitlement and the number of Additional New Shares and New Options you wish to apply for as stated on the Entitlement and Acceptance Form.

Payment may also be made by Electronic Funds Transfer (EFT) or BPay, utilising the reference numbers and details from your personalised Entitlement and Acceptance Form.

3.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 3.6. If you take no further action, the balance of your Entitlement will lapse.

3.5 Allow all your Entitlement to lapse

The Offer is non-renounceable, therefore any part of your Entitlement that is not accepted will lapse and you will receive no benefit from it. Your Entitlement may be used to satisfy an Eligible Shareholder's application for Additional New Shares and New Options. Further, the Australian Mines Board reserves the right to place any shortfall on the same terms as set out in this Prospectus within the three months after the Closing Date.

3.6 Payment

(a) Payment by BPAY®

To apply and pay via BPAY, you should:

- Read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- Make your payment via BPAY for the number of New Shares and New Options you wish to subscribe for so that it is received by no later than 5:00pm (AEDT) on 13 December

2022. You can only make a payment via BPAY if you hold an account with an Australian financial institution.

(b) EFT

To apply and pay via EFT, you should:

- Read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- Make your payment via EFT for the number of New Shares and New Options you wish to subscribe for so that it is received by no later than 5:00pm (AEDT) on 13 December 2022.
- IMPORTANT: You must quote your unique reference number as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and Shares subsequently not issued.

If you choose to pay via BPAY or EFT, you are not required to submit the Entitlement and Acceptance Form.

If you make payment by 5:00pm (AEDT) on 13 December 2022, New Shares and New Options will be allotted to you on 20 December 2022.

Your payment will not be accepted after 5:00pm (AEDT) on 13 December 2022 and no New Shares and New Options will be issued to you in respect of that Application.

If you have multiple holdings you will have multiple EFT or BPAY reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares and New Options that you wish to apply for in respect of that holding.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via EFT or BPAY. It is your responsibility to check that the amount you wish to pay via EFT or BPAY does not exceed your limit.

If the amount of payment is insufficient to pay in full for the number of New Shares and New Options you applied for, or is more than the number of New Shares and New Options you applied for, you will be taken to have applied for such whole number of New Shares and New Options which is covered in full by your payment, to the extent that this does not exceed your Entitlement. Alternatively, Australian Mines may in its discretion reject your Application, in which case any payment will be refunded to you after the allotment date in accordance with the Corporations Act, without interest.

If you apply for Additional New Shares and New Options in excess of your Entitlement and you are not allocated all or some of the Additional New Shares and New Options, the relevant payment will be refunded to you after the allotment date in accordance with the Corporations Act, without interest.

3.7 Enquiries

If you have any questions about your Entitlement, please contact the Share registry, Automic on 1300 288 664 or +61 2 9698 5414 between 8:30am and 5:00pm (AEST) or email corporate.actions@automicgroup.com.au.

Alternatively, contact your stockbroker or other professional adviser.

4. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES AND NEW OPTIONS

4.1 Rights attaching to New Shares

The New Shares will rank equally in all respects with all Existing Shares. The rights attaching to the Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

For personal use only

For personal use only

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) On a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) On a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for each Share held.

(c) **Dividend rights**

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid is of the total amounts paid and payable in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms and Conditions of New Options

The terms and conditions of the New Options are as follows:

(a) the New Options will be exercisable at any time prior to 5:00pm AEDT on 20 December 2025 (the Option Expiry Date). New Options not exercised on or before the Option Expiry Date will automatically lapse;

(b) each New Option entitles the holder to subscribe for one Share upon payment of $0.089 per New Option;

(c) the New Options may be exercisable wholly or in part by completing an application form for Shares delivered to the Company's Share Registry, accompanied by payment of $0.089 per New Option, and received by it any time prior to the Option Expiry Date;

(d) Shares issued on the exercise of the New Options will rank pari-passu with the then existing issued ordinary shares;

(e) the Company will in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of New Options listed for Official Quotation;

(f) there will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. Prior to any new pro rata issue of securities to Shareholders, holders of New Options will be notified by the Company;

(g) in the event the Company proceeds with a pro rata issue (except a bonus issue) of Shares to the holders of Shares after the date of issue of the New Options, the exercise price of the New Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2;

(h) in the event of any re-organisation (including reconstructions, consolidations, subdivision, reduction of capital) of the issued capital of the Company, the New Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged; and

(i) the New Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant New Options.

For personal use only

For personal use only

5. RISK FACTORS

5.1 Overview

(a) The New Shares and New Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers, before deciding whether to apply for New Shares and New Options pursuant to this Prospectus.

(b) There are specific risks which relate directly to the business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

(c) The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company Specific Risks

(a) **Mining and Exploration Risk**

Exploration and mining companies are subject to the inherent risks of the mineral industry. The future viability and profitability of the Company as an exploration and mining company will depend on the number of factors, including but not limited to:

(i) commodity prices and currency exchange rates are constantly changing. The Company's future revenue will be mainly derived from the sale of nickel and cobalt. Consequently, the Company's ability to attract funding for further exploration of its projects and/or potential future earnings could be closely related to the price of nickel and cobalt. The price of nickel and cobalt fluctuates and is affected by factors including the relationship between global supply, forward selling by producers, production cost levels in major producing regions and general global economic conditions such as inflation, interest rates and currency exchange rates. Changes in nickel or cobalt prices may materially impact on the cashflows and profitability of the Company. In addition, a significant portion of the Company's future revenue (if realised) and expenditure is expected to be denominated in US and Australian dollars. Accordingly, movements in currency exchange rates may affect cash flows, profitability, costs, expenses and revenue. It is not possible to accurately predict future movements in metal prices and/or exchange rates;

(ii) risks inherent in exploration and mining include, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations if a minable deposit is discovered and competent management;

(iii) risks associated with obtaining the grant of any or all of the Company's mining tenements or permits which are applications, or renewal of tenements upon expiry of their current term, including the grant of subsequent titles where applied for over the same ground;

(iv) applications may also be subject to additional processes and requirements under the Native Title Act. The right to negotiate process under Native Title matters can result in significant delays to the implementation of any project or stall it. Negotiated native title agreements may adversely impact on the economics of projects depending on the nature of any commercial terms agreed;

(v) the risk of material adverse changes in the government policies or legislation of Australia affect the level and practicality of mining and exploration activities;

(vi) environmental management issues, laws and regulations with which the Company may be required to comply from time to time;

(vii) poor access to exploration areas as a result of the remoteness of difficult terrain;

(viii) poor weather conditions over a prolonged period which may adversely affect mining and exploration activities and the timing of earning revenues;

(ix) the Company's capital and operating costs estimates are based on the best available information at the time. Any significant unforeseen increases in the capital and operating costs associated with the development of the Company's projects would impact the Company's future cash flow and profitability;

(x) ASIC has commenced proceedings to obtain a civil penalty against the Company (see announcement lodged on 10 May 2022). The Company and ASIC have agreed subject to approval by the Federal Court, to settle the Proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations. The Company and ASIC made a joint submission to the Federal Court that the appropriate penalty is $450,000 and the Company should also pay ASIC's costs in the amount of $55,550. As stated, the settlement, penalty and costs are subject to approval by the Federal Court (see announcement lodged on 10 August 2022);

(xi) the Company's financing and development timeframes depend on tenements which it has applied for in order to progress its projects being granted within expected timeframes, including the Greenvale Mining Lease. The Company may lose title to, or interests in, its tenements if the conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet expenditure commitments. Both the conduct of operations in relation to the Company's existing projects and the steps involved in applying for and acquiring new interests will involve compliance with numerous procedures and formalities. In particular, the tenements are subject to expenditure and work commitments which must be complied with in order to keep the tenements in good standing. Failure to meet these commitments could lead to forfeiture of the tenement; and

(xii) business risks associated with AUZ's Offtake Agreement with LG Energy Solution Ltd, and the risk that that Offtake Agreement is cancelled.

5.3 General Risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may

For personal use only

For personal use only

require further financing. In particular, the Company is completing a Feasibility Study for production at its Sconi Project, which Project will require significant funding to enable it to meet production targets under its Offtake Agreement with LG Energy Solution Ltd.

Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is, however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. The Company can give no assurance in relation to the payment of dividends or franking credits attaching to dividends.

(e) **Reliance on key personnel**

The Company's success depends on its ability to expand its leadership team by attracting and retaining and motivate high-performing personnel with specialist skills, and on the performance of its personnel. The Company's recruiting efforts may be limited or delayed by laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas (particularly during the ongoing COVID-19 pandemic). There is no guarantee that the Company will be able to attract and retain the personnel it requires to execute its business plan. Any loss of key personnel or under-resourcing could cause significant disruptions to the development of the Sconi Project and the Company's business generally.

(f) **Insurance risks**

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(g) **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(h) **Share market**

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(i) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(j) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

6. ADDITIONAL INFORMATION

6.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus, and options over such continuously quoted securities. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares and New Options on the Company and the rights attaching to the New Shares and New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

  (i) the most recent annual financial statements of the Company lodged with the ASIC before the issue of this Prospectus;

  (ii) any half year report of the Company lodged with ASIC after the lodgment of the annual financial report in (i) above and before the lodgment of this Prospectus; and

For personal use only

(iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the annual financial report for the financial year ended 30 June 2022:

Date	Document
18/11/2022 9:20 AM	Application for quotation of securities - AUZ
27/10/2022 5:07 PM	Quarterly Activities/Appendix 4C Cash Flow Report
24/10/2022 6:19 PM	Details of investor webcast
24/10/2022 5:56 PM	ASX Appendix 4G
24/10/2022 5:56 PM	Annual Report to shareholders
24/10/2022 5:52 PM	Notice of Annual General Meeting/Proxy Form
24/10/2022 10:42 AM	Investor Presentation
24/10/2022 10:01 AM	CEO Letter to Shareholders
10/10/2022 9:10 AM	Solid state hydrogen storage metal hydride update

For personal use only

Announcements are available online from ASX at www2.asx.com.au, and from the Company's website – www.australianmines.com.au/our-value-proposition.

6.2 Material contracts –

A Subscription Agreement

On 21 November 2022 the Company entered into the Subscription Agreement with Lind and SBC to raise $4.55m before costs. Material terms of the Subscription Agreement are as follows:

(a) Overview: Lind and SBC will pre-pay a total of $4,550,000 within five business days (Advance Payment) subject to satisfaction of customary conditions precedent (including confirmation by the Company that it has performed or complied in all material respects with all obligations required to be performed or complied with under the Subscription Agreements), in return for the options referred to in 6.2A(d) and a credit amount worth $5,000,000 (Advance Payment Credit), which may be used to subscribe to shares during the Term (Placement Shares).

(b) Commitment Fee paid to Lind and SBC: Fees totalling $150,000 are payable to Lind and SBC Global Investment Fund.

(c) Initial Shares: On receipt of the Advance Payment, the Company will issue to Lind and SBC a total of 25,000,000 shares (which may be applied towards satisfying the Company's subscription obligations under the Subscription Agreement). If at the expiration of the Term there are Initial Shares that have not been applied against the Advanced Payment Credit via subscription, then Lind and SBC will pay the Company for those outstanding Initial Shares based on a formula set out in the Subscription Agreement.

(d) Options: On receipt of the Advance Payment, and subject to the Company obtaining shareholder approval on or before 28 February 2023, the Company will issue to Lind and SBC 21,186,441 options each, with an exercise price of $0.089 per share, which expire 3-years after the date of issue. If the Company has not obtained shareholder approval for the issue of options by 28 February 2023 then in lieu of the options Lind and SBC will not be required to pay for the Initial Shares.

(e) Purchase Price of Placement Shares: Placement Shares may be issued at two different prices, being:

a. $0.089 per share (Fixed Subscription Price); or

b. 90% of the average of the five lowest daily VWAPs during the 20 days the Company's shares trade on the ASX prior to the date on which the price is to be determined, rounded down to the lowest $0.001 (Variable Subscription Price).

(f) Purchase of Placement Shares: Lind and SBC can subscribe for Placement Shares during the Term, subject to the following conditions:

a. Until 28 February 2023, at the Fixed Subscription Price;

b. From 1 March 2023 until 21 November 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind and SBC may only subscribe for shares at the Variable Subscription Price up to a maximum amount of $200,000 each for each calendar month during this period;

c. Following 21 November 2023 at the Fixed Subscription Price or the Variable Subscription Price, without monthly limits.

(g) The limits in (1) and (2) above will only apply after 28 February 2023 if the Company has:

a. Raised at least $2,500,000 by way of placement and / or entitlement offer, or

b. Has announced a collaboration agreement with a strategic partner that includes an unconditional funding component sufficient to take the Sconi Project to final investment decision by 28 February 2023; and receives at least A$2,500,000 (net of fees) under that collaboration agreement or by placement and/or entitlement offer by 31 March 2023.

(h) Unused Advance Payment Credit: The Advance Payment Credit (initially $5,000,000) will be reduced by the value of shares subscribed for by Lind and SBC during the Term.

For personal use only

For personal use only

(i) Term: 18 months after the Advance Payment Date, subject to Lind's and SBC's right to extend for 6 months.

(j) Company's Option to Pay in Cash: following a subscription request by Lind or SBC, the Company has the option to pay an amount to Lind or SBC instead of issuing shares, with this amount being the amount of shares applied for multiplied by the daily VWAP on the trading day immediately prior to the subscription request.

(k) Company Buy-Back Right: the Company may elect to repay the entire Unused Advance Payment Credit at any time with a 5% premium, by providing notice to Lind and/or SBC. If the Company does so, Lind and SBC have the right to apply to subscribe to shares to the aggregate value of one-third of the Unused Advanced Payment Credit, at either the Fixed Subscription Price or the Variable Subscription Price.

(l) Repayment on Capital Raise: Lind and SBC may elect for the Company to direct up to 20% of the proceeds of any subsequent capital raise towards repayment of the Unused Advance Payment Credit.

(m) Other Terms: the agreement contains customary investor protections such as negative covenants, default events and representations and warranties.

(n) Shares Issued at Maturity: If any amount of the Advance Payment Credit is unused at the end of the Term, the Company will issue shares to Lind and SBC to the extent that no amount of the Advance Payment Credit remains unused.

(o) Rights of Investor upon default: if a default event occurs that is incapable of being remedied the Investor may require the Company to repay the Unused Advance Payment Credit.

(p) There is no security provided by the Company to Lind or SBC in respect to the Subscription Agreements. No interest is payable under the Subscription Agreements.

(q) The Initial Shares are being issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1. The aggregate maximum number of Initial Shares and Placement Shares that the Company may or is required to issue on one or more subscriptions under the Subscription Agreements (not including any shares the past issue of which is ratified by shareholders), without the Company first obtaining shareholder approval, is 67,727,000 Placement Shares.

B Underwriting Agreement

The Underwriting Agreement between the Underwriter and the Company was executed on 22 November 2022. The Underwriter has agreed to partially underwrite the Offer to $1.05m The Underwriting Agreement contains the following key terms :

If there is a shortfall of New Shares and New Options (collectively, **Entitlement Offer Securities**) which are not subscribed for under the Entitlement Offer (and not taken up by the KMP Sub-underwriters pursuant to the KMP Sub-Underwriting Agreements) and Entitlement Offer Securities which would have been offered to Excluded Shareholders (collectively, **Shortfall Securities**), the Underwriter must, on the date of settlement of the Entitlement Offer, lodge or cause to be lodged with the Company applications for the Shortfall Shares up to the Underwritten Amount.

Any Shortfall Securities which exceed the Underwritten Amount may be placed by the Underwriter (in consultation with the Company) within 3 months of the close of the Entitlement Offer on terms to be negotiated and agreed between the parties in writing.

The Underwriter will be paid the following fees:

(a) a management fee of 1% of the Entitlement Offer Proceeds;

(b) an underwriting fee of 5% of the Entitlement Offer Proceeds.

For the avoidance of doubt, the Company will be responsible for satisfying the obligation to issue Sub-Underwriter Options on the basis of two (2) New Options for every A$1 sub-underwritten by each Non-KMP Sub-Underwriter pursuant to the Non-KMP Sub-underwriting Agreements (as defined below). To the extent that the Company does not have sufficient existing placement capacity pursuant to ASX Listing Rule 7.1 to issue the Sub-Underwriter Options, it must seek Shareholder approval to issue the outstanding balance for the purpose

of ASX Listing Rule 7.1 and, should Shareholder approval not be granted, pay the Non-KMP Sub-Underwriters a 6% cash fee over every $1 sub-underwritten by them.

Pursuant to the Engagement Letter, the Company has also agreed to reimburse the Underwriter for certain agreed expenses and to pay the Underwriter a management and selling fee of 6% of the gross proceeds of the Advance Payment. The Engagement Letter is otherwise on terms and conditions considered standard for an agreement of this nature.

The Underwriter is not a related party to the Company or associates of related parties.

The obligations of the Underwriter pursuant to the Underwriting Agreement are subject to the satisfaction of certain conditions precedent, the material of which include (but are not limited to):

(a) preparation of offer documents;

(b) due diligence investigations being undertaken to the satisfaction of the Underwriter;

(c) settlement having occurred pursuant to the Subscription Agreement;

(d) ASX not indicating that it will not admit the Entitlement Offer Securities to be issued under the Entitlement Offer to quotation; and

(e) Receipt by the Underwriter of certain customary opinions and reports from the Company and its advisors.

The Company has made a number of representations and warranties under the Underwriting Agreement which are considered usual for an underwriting agreement, including that the Offer complies with the requirements of the Corporations Act, this Prospectus contains all material information required under the Corporations Act and does not contain any misleading or deceptive information, and that the Company has complied with its continuous disclosure requirements. The Company has indemnified the Underwriters against losses arising if these representations and warranties are wrong.

The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) have the right to terminate the Underwriting Agreement on the happening of specified events or circumstances, including those set out below. The list below is not exhaustive of all of the termination events in the Underwriting Agreement and is a summary of the select events set out below only.

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the following unqualified termination events occurs:

(a) (**Offer Documents**): the Underwriter forms the view (acting reasonably) that a statement contained in the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive (including by omission), or a matter required by the Corporations Act is omitted from the Prospectus or the issue of the Offer Documents becomes misleading or deceptive or likely to mislead or deceive;

(b) (**section 730 notice**) a person gives a notice to the Company under section 730 of the Corporations Act in relation to the Prospectus (other than the Underwriter);

(c) (**withdrawal of consent**): any person (other than the Underwriter) whose consent to the issue of the Prospectus or any Supplementary Prospectus is required and who has previously consented to the issue of the Prospectus or any Supplementary Prospectus withdraws such consent;

(d) (**Supplementary Prospectus**) the Company lodges a Supplementary Prospectus without the consent of the Underwriter or fails to lodge a Supplementary Prospectus in a form acceptable to the Underwriter or, in the Underwriter's reasonable opinion, becomes required to lodge a Supplementary Prospectus;

(e) (**material adverse change**) any material adverse change occurs in the assets, liabilities, the equity of any Company shareholders, financial position or performance, profits, losses or prospects of the Company or any Group member (in so far as the

For personal use only

position in relation to the Group member affects the overall position of the Company), from the position disclosed in the Entitlement Offer Announcement, the Investor Presentation, the Prospectus or a duly completed Appendix 3B on the Announcement Date or as most recently disclosed to ASX by the Company before the date of the Underwriting Agreement;

(f) (**market fall**) the ASX/S&P 200 or 300 Index has fallen at any time to a level that is 7.5% or more below its level as at 5.00pm on the Business Day immediately preceding the date of the Underwriting Agreement;

(g) (**ASIC Proceedings**): a fact, matter or circumstance arises relating to the ASIC Proceedings which in the Underwriter's reasonable opinion is or may become material or adverse to the Entitlement Offer or the likely price at which the Entitlement Offer Securities will trade on ASX or on the ability of the Underwriter to settle the Entitlement Offer;

(h) (**LG Offtake Agreement**): the LG Offtake Agreement is terminated, rescinded or repudiated;

(i) (**Subscription Agreement**) the Subscription Agreement is terminated, rescinded or repudiated or otherwise does not proceed to settlement in accordance with its terms;

(j) (**Listing**)

(i) the Company ceases to be admitted to the official list of ASX or the Shares cease trading or are suspended from quotation on ASX other than in connection with the Entitlement Offer;

(ii) ASX makes any official statement to any person, or indicates to the Company or the Underwriter that official quotation on ASX of the Shares will not be granted; or

(iii) approval is refused or approval is not granted which is unconditional (or conditional only on customary listing conditions which would not, in the opinion of the Underwriter, have a material adverse effect on the success of the Entitlement Offer), to the official quotation of the Shares and the New Options on ASX on or before the dates referred to in the Timetable, or if granted, the approval is subsequently withdrawn, qualified or withheld;

(k) (**notifications**) any of the following notifications are made in relation to the Entitlement Offer or an Offer Document:

(i) ASIC applies for an order under sections 1324B or 1325 of the Corporations Act in relation to an Offer Document or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company; or

(ii) an application is made by ASIC for an order under Part 9.5 in relation to the Entitlement Offer or an Offer Document or ASIC commences, or gives notice of an intention to hold, any investigation or hearing under Part 3 of the ASIC Act or other applicable laws;

(l) (**Timetable**) an event specified in the Timetable is delayed by more than one Business Day without the prior written consent of the Underwriter, other than events within the control of the Underwriter;

(m) (**withdrawal**) the Company withdraws an Offer Document or the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer;

For personal use only

(n) (**unable to issue**) the Company is prevented from granting the Entitlements or issuing New Shares or New Options within the time required by the Timetable or by or in accordance with ASX Listing Rules applicable laws, a Government Agency or an order of a court of competent jurisdiction;

(o) (**ASIC Modifications**) ASIC withdraws, revokes or amends any ASIC Modification;

(p) (**ASX Waiver**) ASX withdraws, revokes or amends any ASX Waiver;

(q) (**prosecution**) any of the following occur:

(i) a director of the Company is charged with an indictable offence;

(ii) any Government Agency commences any public proceedings against the Company or any of the Directors in their capacity as a director of the Company, or announces that it intends to take such action; or

(iii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;

(r) (**fraud**) a director or officer of the Company or the Company is charged in relation to fraudulent conduct, whether or not in connection with the Entitlement Offer;

(s) (**change in management**) a change in the board of directors of the Company or the Company's Chairman, CEO or CFO;

(t) (**Insolvency**) the Company or a Group Member is or becomes Insolvent or there is an act or omission which is likely to result in the Company or a Group Member becoming Insolvent;

(u) (**charge**) a person charges or Encumbers or agrees to charge or Encumber, the whole, or a substantial part of the business or property of the Company or the Group;

(v) (**force majeure**) there is an event or occurrence, including an official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Agency which makes it illegal for the Underwriter to satisfy any obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer;

(w) (**debt facilities**) a Group Member breaches, or defaults under (including potential event of default or review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing), any provision, undertaking covenant or ratio of a material debt or financing arrangement (including either or both of the Subscription Agreements) or any related documentation to which that entity is a party which has or is likely to have a material adverse effect on the Group;

(x) (**Certificate**) a Certificate is not given by the Company in accordance with the Underwriting Agreement or a statement in a Certificate is untrue or incorrect, or misleading or deceptive or contains omissions of any required information; and

(y) (**application**) there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Entitlement Offer (or any part of it) or any agreement entered into in respect of the Entitlement Offer (or any part of it).

The Underwriter may terminate its obligations under the Underwriting Agreement if certain additional termination events (Key Qualified Termination Events) occurs and:

For personal use only

For personal use only

(a) the event has, or is likely to have, a material or adverse effect on the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company or the Group, the success or outcome of the Entitlement Offer, the ability of the Underwriter to market, promote or effect settlement of, the Entitlement Offer (irrespective of whether or not the Entitlement Offer has opened), the likely price of Entitlement Offer Securities on ASX or a decision of an investor to invest in New Shares or New Options; or

(b)

(c) has given or could be expected to give rise to a contravention by, or a liability of, the Underwriter under any applicable law or regulation (including the Corporations Act).

The Key Qualified Termination Events including but not limited to:

(a) (**Public Information**) a statement in any of the Public Information is or becomes misleading or deceptive or likely to mislead or deceive;

(b) (**future matters**) any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in an Offer Document or Public Information is or becomes incapable of being met or, in the opinion of the Underwriter, unlikely to be met in the projected timeframe;

(c) (**Offer to comply**) the Company or an entity in the Group, any Offer Document or any aspect of the Entitlement Offer, does not or fails to comply with the Constitution, the Corporations Act, the ASX Listing Rules, any ASX Waivers, any ASIC Modifications or any other applicable law or regulation;

(d) (**representations and warranties**) a representation and warranty contained in this agreement on the part of the Company was or is not true or correct or becomes untrue or incorrect;

(e) (**information**) the Due Diligence Committee Sign-Off, Management Sign-Offs or the information provided by or on behalf of the Company to the Underwriter in relation to the Due Diligence Investigations, the Offer Documents or the Entitlement Offer, is false, misleading or deceptive or likely to mislead or deceive (including by omission);

(f) (**disruption in financial markets**) either:

(i) a general moratorium on commercial banking activities in Australia, the United States of America, Canada, the United Kingdom, Hong Kong, Singapore, the People's Republic of China or any member of the European Union or the North Atlantic Treaty Organisation is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

(ii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange or the New York Stock Exchange is suspended or limited for more than 1 trading day;

(g) (**hostilities**) Major hostilities not existing at the date of this agreement commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the members of the North Atlantic Treaty Organisation, Finland, Sweden, Russia, Ukraine, Africa, Australia, New Zealand, the United States, Canada, the United Kingdom, China,

Hong Kong, Singapore, Japan or any member of the European Union or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world;

(h) (**pandemic**) a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, involving any one or more of involving any one or more of the members of the North Atlantic Treaty Organisation, Finland, Sweden, Russia, Ukraine, Africa, Australia, New Zealand, the United States, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan or any member of the European Union; or

(i) (**political or economic conditions**) the occurrence of any adverse change or disruption to financial, political or economic conditions, or controls or financial markets in any one or more of the members of the North Atlantic Treaty Organisation, Finland, Sweden, Russia, Ukraine, Africa, Australia, New Zealand, the United States, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan or any member of the European Union or elsewhere or any change or development involving a prospective adverse change in any of those conditions or markets.

C KMP Sub-underwriting Agreement.

Under the Subscription Agreement if the Company does not raise at least $1.0m by 28 February 2023 the subscription limits imposed on Lind and SBC as set out in section 6.2A(f) do not apply. To increase the probability of a successful capital raising under this Prospectus:

(a) A term of the Subscription Agreement is that Lind and SBC will sub-underwrite the Offer up to $150,000 each; and

(b) The KMP Sub-underwriters have entered into the KMP Sub-underwriting Agreements.

The Sub-underwriting Agreements require the KMP Sub-underwriters to underwrite the Offer to their respective proportions on similar terms to the Underwriting Agreement. The KMP Sub-underwriters however cannot be issued Options as Shareholder approval would be required, and are therefore only entitled to a cash Underwriting Fee of 6% of the Underwritten Amount.

The KMP Sub-underwriting Agreement terminates if the Underwriting Agreement terminates for any reason.

The respective proportions of KMP underwriting are as follows:

KMP	$	New Shares	New Options
Michael Ramsden	$114,000	1,932,204	966,102
Michael Holmes	$50,000	847,458	423,729
Michael Elias	$17,000	288,136	144,068
Dominic Marinelli	$35,000	593,221	296,611
Les Guthrie	$35,000	593,221	296,611

ASX Listing Rules

Listing Rule 10.11 requires Shareholder approval to issue securities to related parties. Listing Rule 10.12 however sets out a number of exceptions to this rule, including Exception 2 where the related party is an underwriter or sub-underwriter of a pro rata Entitlement Offer.

Corporations Act

For personal use only

For personal use only

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit (including the payment of a fee under the Sub-underwriting Agreement) to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 24 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. Section 210 of the Corporations Act states that Shareholder approval is not required if the terms of the benefit are at arms length or no less favourable than arms length.

Given that the terms of the Sub-underwriting Agreement are similar to the terms of the Underwriting Agreement in respect to fees to be paid, the Company considers that the terms of the Sub-underwriting Agreement are at arms length or no less favourable.

6.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or

(c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

Director	Shares	Listed Options (AUZO)
Michael Ramsden	7,209,469	542,973
Michael Elias	1,842,290	137,690
Dominic Marinelli	4,485,738	296,462
Les Guthrie	Nil	Nil

If the Directors subscribe for New Shares and New Options under the KMP Sub-underwriting Agreements, but do not take up their Entitlements as Shareholders, their additional direct and indirect interests in securities would be:

Director	New Shares	New Options
Michael Ramsden	1,932,204	966,102

Director	New Shares	New Options
Michael Elias	288,136	144,068
Dominic Marinelli	593,221	296,611
Les Guthrie	593,221	296,611

The Directors may be paid such remuneration as is from time to time determined by the Company in general meeting and all travelling, hotel and other expenses properly incurred by them in attending at and returning from meetings of the directors or any committee of the directors or general meetings of the Company or otherwise in connection with the business of the Company. The Directors remuneration is deemed to accrue from day to day and the remuneration (other than a managing director or other executive director) shall be a fixed sum and not a commission or calculated on a percentage of profits or turnover.

A Director may be paid a fee or other amounts (i.e. non-cash performance incentives such as options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Directors' remuneration for the 2022 financial year, together with the current financial year is set out in the table below:

Director	Remuneration for FY2022	Current financial year
Michael Ramsden	105,000	105,000
Michael Elias	70,000	70,000
Dominic Marinelli	70,000	70,000
Lee (Les) Guthrie *	93,710	70,000

* Mr Guthrie assumed the role of Interim CEO on 11 May 2022 pending the appointment of a replacement CEO which occurred on 5 September 2022

6.4 Interests and Consents of Experts and Advisers

Other than as set out in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer pursuant to this Prospectus; or

(c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

For personal use only

For personal use only

6.5 Consents

Other than as set out in this Prospectus, each of the parties named in this Prospectus:

(a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties;

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and

(c) did not authorise or cause the issue of all or any part of this Prospectus.

Bell Potter Securities has given its written consent to being named as the Underwriter in this Prospectus. Bell Potter has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Lind has given its written consent to being named in this Prospectus. Lind has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

SBC has given its written consent to being named in this Prospectus. SBC has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Carton Solicitors has given its written consent to being named in this Prospectus. Carton Solicitors has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

6.6 Estimated Expenses of the Offer

The estimated expenses of the Offer are approximately $60,000 including ASIC, ASX, printing, postage and legal costs and $63,000 for Underwriting fees.

6.7 Litigation

ASIC has commenced proceedings to obtain a civil penalty against the Company (see announcement lodged on 10 May 2022). The Company and ASIC have agreed subject to approval by the Federal Court, to settle the Proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations. The Company and ASIC will also make a joint submission to the Federal Court that the appropriate penalty is $450,000 and the Company will also pay ASIC's costs in the amount of $55,550. As stated, the settlement, penalty and costs are subject to approval by the Federal Court (see announcement lodged on 10 August 2022.

6.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on +61 8 941 5811and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.australainmines.com.au/our-value-proposition.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6.9 Privacy Act

If you complete an Application, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including

the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the Application the Company may not be able to accept or process your Application.

6.10 Directors' Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

For personal use only

Signed on behalf of the Directors pursuant to a resolution of the Board.

Michael Ramsden

Michael Ramsden
Chairman

For personal use only

For personal use only

7. GLOSSARY

A$**, **$ and **dollars**	Australian dollars, unless otherwise stated.
Additional New Shares and New Options	Entitlements not taken up that become available for other eligible Shareholders as described in section 1.4.
Applicant	A Shareholder who applies for New Shares and New Options or for Additional New Shares and New Options [cf 3.1]
Application	An application for New Shares pursuant to the Application Form.
Application Form	The application form attached to or accompanying this Prospectus and relating to the Offer.
Application Money	The money received in respect of an Application.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
CHESS	ASX Clearing House Electronic Sub-register System.
Closing Date	5pm AEST on 13 December 2022, or such other date as may be determined by the Directors under this Prospectus.
Company or **Australian Mines**	Australian Mines Limited (ABN 60 073 914 191).
Constitution	The constitution of the Company, as amended from time to time.
Corporations Act	The *Corporations Act 2001* (Cth).
Director	A Director of the Company at the date of this Prospectus and **Directors** has a corresponding meaning.
Engagement Letter	means the engagement letter between the Company and the Underwriter dated 24 October 2022.
Entitlement	The entitlement of a Shareholder who is eligible to participate in the Offer to subscribe for New Shares and New Options under this Prospectus.
Entitlement Offer Proceeds	means the amount equal to the number of: (a) Accepted Entitlement Offer Securities (excluding New Options) multiplied by the Offer Price; plus

(b) Shortfall Securities as defined in section 6.2B (excluding New Options) multiplied by the Offer Price.

Excluded Shareholders means Shareholders that the Underwriter determines will be excluded from the Entitlement Offer and which may include a Shareholder that:

(c) as at the Record Date, has a registered address outside Australia, New Zealand or Hong Kong;

(d) is, or the person for whom it holds Shares is, located in the United States or is a person acting for the account or benefit of any such person,

unless otherwise agreed between the Company and the Underwriter that such person is not an Excluded Shareholder.

Existing Share An issued Share in the capital of the Company.

Subscription Agreement Means the Subscription Agreements between the Company and Lind and the Company and SBC executed on or about 21 November 2022 as described in section 6.2A.

KMP Sub-underwriters Means certain Key Management Personnel of the Company, being Michael Ramsden, Michael Holmes, Dominic Marinelli, Michael Elias and Les Guthrie

KMP Sub-underwriting Agreements means, collectively, the KMP Sub-Underwriting Agreements between each the KMP and the Company dated 21 November 2022.

Lind Lind Global Fund II, LP of 444 Madison Avenue, 41st Floor, New York, NY 10022, United States of America

Listing Rules or **ASX Listing Rules** The official listing rules of the ASX.

New Option An option to acquire a Share granted on the terms and conditions set out in section 4.2.

New Share A Share in the capital of the Company to be issued under this Prospectus.

Non-KMP Sub-underwriters means sub-underwriters (other than KMP Sub-underwriters) appointed pursuant to the Non-KMP Sub-underwriting Agreements.

Non-KMP Sub-underwriting Agreements has the meaning given to that term in Section 6.2 B.

Offer Means the offer of New Shares and New Options described in section 1.

Offer Price means $0.059 per New Share.

Official Quotation Official quotation on ASX.

Prospectus The prospectus constituted by this document.

For personal use only

SBC	Means SBC Global Investment Fund of 161A Shedden Road, One Artillery Court, PO Box Grand Cayman E9 KY1-1001
Sconi Project	Means the Sconi Cobalt-Nickel-Scandium Project located in Queensland.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	The holder of a Share.
Sub-Underwriter Options	Options on the same terms and conditions as New Options to be issued to the Non-KMP Sub-Underwriters.
Underwriter	Bell Potter Securities Limited
Underwriting Agreement	The Underwriting Agreement between the Underwriter and the Company dated 21 November 2022

For personal use only

For personal use only

CORPORATE DIRECTORY

Directors

Michael Ramsden (Chairman, Non-Executive Director)
Les Guthrie (Non-Executive Director)
Michael Elias (Non-Executive Director)
Dominic Marinelli (Non-Executive Director)

Management

Michael Holmes (Chief Executive Officer)
Tim Maclean (Chief Operating Officer)
Oliver Carton (Company Secretary)

Registered Office

Level 34, 1 Eagle Street
Brisbane QLD 4000.

Perth office

Level 6, 66 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 941 5811
Facsimile: +61 8 9481 5611
Email: office@australianmines.com.au
Website: www.australianmines.com.au

Share Registry*

Automic
GPO Box 5193, Sydney NSW 2001
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
corporate.actions@automicgroup.com.au
www.automicgroup.com.au

Auditors*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

ASX Code: AUZ

ABN: 68 073 914 191

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

For personal use only

TARGET MARKET DETERMINATION Made by: Australian Mines Limited (ACN 073 914 191) (**Company**).

Product: Free attaching options in connection with a Non-Renounceable Entitlement Offer under a prospectus dated 22 November 2022 (**Options**).

Effective date: 22 November 2022.

This target market determination (**TMD**) has been prepared by the Company in relation to an offer to issue the Options made by the Company under a prospectus dated 22 November 2022 (**Prospectus**). A copy of the Prospectus is available on the Company's website, www.australianmines.com.au

The offer will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus.

Any recipient of this TMD who wants to acquire Options under the offer will need to complete the application form that will be in, or will accompany, the Prospectus. There is no cooling off period in respect of the issue of the Options.

Application will not be made for the attaching Options to be quoted on the Australian Securities Exchange (**ASX**). The attaching Options will be not therefore be liquid as there will be no ready market for them.

This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**). This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision.

The Company is not licensed to provide financial product advice in relation to the Options.

1. TARGET MARKET

Investment Objective

The Company expects that an investment in Options will be suitable to investors who wish to gain exposure to equities in a mining company listed on the ASX.

Investment Timeframe

The target market of investors will take a short to medium term outlook on their investment. Investors with a short-term outlook for their investment will benefit from an ability to exercise Options and trade the underlying shares issued on exercise should the Option exercise price of the Options be lower than the trading price of shares. Investors with a medium-term outlook will benefit from an ability to exercise Options within the three-year term of the Options and increase their shareholding and exposure to the potential upside in the Company's shares into the future.

For personal use only

Given the need to pay the exercise price in order to acquire shares, investors in the target market are in a financial position that is sufficient for them to invest their funds on exercise the Options over a three-year time horizon, during which their ability to liquidate their Options in the Company may be limited by the trading price of shares.

Investment Metrics

While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The Options offer no guaranteed income or capital protection.

Risk

The Company considers that an investment in the underlying shares is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. As the Options are issued at nil cost, investors should consider this when deciding whether or not to exercise an Option. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in Options as an asset class generally and the more specific risks of investing in an Australian listed mining company.

Further risks are disclosed in the Risk Factors section of the Prospectus.

2. DISTRIBUTION CONDITIONS

The offer of Options under the Prospectus is being made to those shareholders in the Company registered at the record date specified in the Prospectus (**Eligible Shareholders**). Any entitlement not taken up under the offer will form a shortfall offer (**Shortfall Offer**). Eligible Shareholders may also subscribe for Options above their entitlement under the Shortfall Offer. The Prospectus will include jurisdictional conditions on eligibility. The Company will include a copy of this TMD with the Prospectus. The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

3. REVIEW TRIGGERS

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period between the commencement of the offer of the Options and the issue of the Options shortly after the close of the Offer (**Offer Period**).

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Options and should be reviewed, the following review triggers apply for the Offer Period:

(a) a new offer of Options that requires preparation of a disclosure document is made after completion of the Offer Period;

(b) any event or circumstance that would materially change a factor taken into account in making this TMD;

(c) the existence of a significant dealing of the Options that is not consistent with this TMD.;

(d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Options or this TMD; and

(e) material changes to the regulatory environment that applies to an investment in the Options.

4. REVIEW PERIOD

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger. The Company will otherwise complete a review of the TMD immediately prior to the issue of Options under the Offer.

5. INFORMATION REPORTING

The reporting requirements of all distributors is set out below.

Information type	Description	Timeframe for reporting
Complaints about the attaching Options.	Information relating to the number of complaints received and a summary of the nature of each complaint or a copy of each complaint.	During the Offer Period, the distributor is to make a report within 10 business days after the end of each quarter if a complain has been received. A report is also to be made 10 business days after the end of the Offer Period.
A significant dealing of the attaching Options that is not consistent with this TMD.	Information to include details of the significant dealing and reasons the distributor considers the significant dealing is not consistent with this TMD.	Report as soon as reasonably practicable (and in any event not more than 10 business days) after the significant dealing occurs.

CONTACT DETAILS in respect of this TMD for the Company are:

Michael Holmes

Australian Mines Limited

+61 456 799 967

mholmes@australianmines.com.au

For personal use only

AUSTRALIAN MINES LIMITED

Australian Mines Limited | ABN 68 073 914 191

All Registry Communication to:
AUTOMIC
GPO Box 5193, Sydney NSW 2001
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
corporate.actions@automicgroup.com.au
www.automicgroup.com.au

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

Holder Number:
[HolderNumberMasked]

Shares held as at the Record Date at 7.00 pm (AEST) 28 November 2022
[CumBalance]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSES 5.00 PM (AEST) 13 December 2022 (WHICH MAY CHANGE WITHOUT NOTICE)

On 23 November 2022, Australian Mines Limited (the **Company**) announced a partly underwritten non-renounceable rights issue of 1 New Share for every 9.8 Shares held by eligible Shareholders registered at the Record Date at an issue price of $0.059 per New Share to raise up to approximately $2.8m (based on the number of Shares on issue as at the date of this Prospectus), together with 1 New Option for every 2 New Shares subscribed for and issued (**Offer**).

The Prospectus dated 23 November 2022 contains information about the Entitlement Offer and you should carefully read the Prospectus before applying for Shares. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus. If you do not understand the information provided in the Prospectus or you are in doubt as to how you should deal with it, you should seek professional advice. Other than as defined in this Entitlement and Acceptance form, capitalised terms have the same meaning as defined in the Prospectus.

1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

	Payment Amount A$ ($0.059 per Share)	Number of Shares Applied
Full Entitlement	[EntPayable]	[Entitlement]
Partial Entitlement	___ , ___ , ___ , __	_____

No fractional shares will be issued. If the dollar amount for additional shares, divided by the issue price ($0.059), is a fraction of a New Share, the New Shares allotted will be rounded down).

2 MAKE YOUR PAYMENT BY BPAY® OR ELECTRONIC FUNDS TRANSFER (EFT)

Payments must be made by BPAY® or by EFT and may not be made by cheque or money order. You do not need to return this form if you have made payment via BPAY® or EFT.

Total Payment A$	___ , ___ , ___ , __

Option A – BPAY®

Biller Code: XXX

Ref No: [BPayCRN]

Contact your financial institution to make your payment from your cheque or savings account.

Note: You do not need to return this form if you have made payment via BPAY® or EFT. Your BPAY® reference number or unique reference number will process your payment for your application for New Shares electronically.

Option B – Electronic Funds Transfer (EFT)

The unique reference number which has been assigned to your Application is: [HolderId]-XXX-AUZ

Funds are to be deposited in AUD currency directly to following bank account:

Account name: Automic Pty Ltd
Account BSB: XXX
Account number: XXX
Swift Code: WPACAU2S

IMPORTANT: You must quote your unique reference number as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and Shares subsequently not issued.

3 Elect to receive email communication

Return to Automic Group by email to corporate.actions@automicgroup.com.au

Telephone Number ( )

Contact Name (PLEASE PRINT) **AUZ-[HolderId]**

Please insert your email address if you wish to elect to be an e-Shareholder, and you consent to receiving communications from the Share Registry, Automic Group

For personal use only

INSTRUCTIONS FOR COMPLETION OF THIS FORM

The right to participate in the Entitlement Offer is optional and is offered exclusively to all Shareholders who are registered as holders of fully paid ordinary Shares in the capital of the Company on the Record Date with a registered address in Australia, New Zealand, or United States (**Eligible Shareholders**).

ACCEPTANCE OF OFFER

By making a BPAY® or EFT payment:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form; and
- you provide authorisation to be registered as the holder of Shares acquired by you and agree to be bound by the Constitution of the Company.

1 Acceptance of Full or Partial Entitlement for Shares

If you wish to accept your full entitlement:

- make payment by BPAY® or EFT for your full entitlement by following the instructions on this Entitlement and Acceptance Form.

If you only wish to accept part of your entitlement:

- calculate the payment amount for the portion of your entitlement that you wish to take up in accordance with the partial entitlement section of this Entitlement and Acceptance Form; and
- make payment by BPAY® or EFT for that portion of your entitlement by following the instructions on this Entitlement and Acceptance Form.

2 Payment

By making a payment via BPAY® or EFT, you agree that it is your responsibility to ensure that funds are submitted correctly and received by the Share Registry by the closing date and time. Payment must be received by the Share Registry by 5:00pm (AEST) on 13 December 2022.

It is your responsibility to ensure your CRN or unique Payment Reference is quoted, as per the instructions in Section 3. If you fail to quote your CRN or unique Payment Reference correctly, Automic may be unable to allocate or refund your payment. If you need assistance, please contact Automic.

Payment by BPAY®: You can make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number on this Form. Multiple acceptances must be paid separately.

Payment by EFT: You can make a payment via Electronic Funds Transfer (EFT). Multiple acceptances must be paid separately. Please use your unique reference on this Form. This will ensure your payment is processed correctly to your application electronically.

Applicants should be aware of Automic's financial institution's cut off-time, their own financial institution's cut-off time and associated fees with processing a funds transfer. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time, including taking into account any delay that may occur as a result of payments being made after 5pm (AEST) and/or on a day that is not a business day (payment must be made to be processed overnight). You do not need to return this Form if you have made payment via BPAY® or EFT. Your reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid.

3 Contact Details - Elect to receive email communication

The Company encourages shareholders to elect to receive their shareholder communications electronically. This will ensure you receive all future important shareholder communications in a faster and more secure way and reduce the environmental footprint of printing and mailing.

If you require further information about the Offer, please contact Automic on 1300 288 664 or +61 2 9698 5414 between 8:30am and 5:00pm (AEST).

For personal use only