

## Emerging Australian Producer of Battery Metals

Australian Mines (ASX: AUZ) is focused on the development of sustainably- and ethically-sourced, advanced battery materials (nickel-cobalt-scandium) in Australia to meet a rapidly growing global market for electric vehicle battery and technology related metals. The company's primary asset is the world class, 100% owned, low cost, Sconi Project situated ~220km northwest of Townsville in North Queensland. Since the updated Bankable Feasibility Study (BFS) was published in June 2019, a binding offtake agreement (6+5 years) has recently been signed with LG Energy Solution representing 100% of the projected future production at Sconi. Subject to securing funding and a final investment decision (by 30 June 2022), the project could start production as soon as 2024. The project is expected to produce 71kt of nickel and 7kt of cobalt (years 1-6) in the form of a mixed hydroxide precipitate (MHP) from an open-pit mining operation and on-site processing plant, over a 30-year mine life at total FOB cash costs of US\$1.96/lb nickel. The updated Sconi BFS economic analysis estimated a post-tax NPV (using an 8% discount rate) of A\$817 million for total pre-production capex of US\$974 million.

### Business model

AUZ is aiming to become a world class, producer of ethically derived battery and technology metals, with a focus on the Tier-1 jurisdiction of Australia. Geopolitical and ESG concerns are becoming more prevalent in the supply chain for raw battery materials globally, and AUZ is seeking to position itself as a certified Carbon Neutral producer with an ability to supply low-risk, high-purity, battery materials with a fully auditable and transparent Tier-1 supply chain. The flagship Sconi Project will also utilise a dry stacked tailings system which is widely regarded as an environmentally friendly and sustainable method to extract raw materials with no tailings dams. It is also expected to utilise green power (from renewables) sourced in close proximity. Importantly, AUZ has a unique employing local, living local and buying local philosophy further underpinning support for its project and relations with the local and regional community. Over the foreseeable future, the strategic focus of the company will be to secure finance, construct, commission and ramp up production from 2024 to meet surging demand from the world's largest producer of advanced batteries for the electric vehicle industry, LG Energy Solution. AUZ also has several other promising development strategies and process options at Sconi, providing flexibility and diversity through the project's lifespan.

### Binding offtake deal with LG Energy advances the project

In August 2021, AUZ signed a binding offtake agreement with LG Energy Solution for the supply of 71kt nickel and 7kt cobalt in the form of mixed nickel-cobalt hydroxide from AUZ's Sconi project. LG Energy Solution is a subsidiary company of LG Chem, which is the world's largest producer of advanced batteries for the electric vehicle (EV) industry. In July 2021, AUZ completed an A\$6.5 million equity raising taking total current cash reserves to approximately A\$10 million (RaaS estimate).

### "Ready to go" large scale battery metals producer

In 2019, the Sconi project was awarded "Prescribed Project" status by the Queensland Government and, if Sconi proceeds into production, the operation is expected to be a first quartile producer and one of the lowest cost producers of nickel globally. AUZ is differentiated by the location, stage of development of its primary asset, green credentials (Carbon Neutral certification), as well as the strategic focus on capturing value from the anticipated boom in battery metals markets as Electric Vehicles and battery energy storage solutions are each expected to see rapid uptick in market penetration over the near-term.

## Resources - Battery Metals

10<sup>th</sup> September 2021

### Share details

ASX Code	AUZ
Share price	\$0.024
Market Capitalisation	\$103.3M
Shares on issue	4,303.6M
Cash (current est.)	\$9.8M
Free float	86.22%

### Share performance (12 months)



### Upside Case

- Highly leveraged to global decarbonisation, electrification and ESG mega trends
- Project is highly advanced at financing stage
- Qualified and capable Board and Management

### Downside Case

- Capex at Sconi is substantial vs AUZ's current market capitalisation
- LG Energy Solution offtake is subject to securing finance for construction
- Cobalt & nickel prices can be volatile

### Catalysts/upcoming events

- Project finance being secured (H1 CY2022)
- Final investment decision to start construction (mid CY2022)

### Comparable companies (Aust/NZ)

Sunrise Energy Metals (ASX: SRL), Centaurus Metals (ASX: CTM), Ardea Resources (ASX: ARL)

### Top 5 shareholders

Michael Ramsden	1.68%
Benjamin Bell	1.54%
Jeffrey Reed	1.48%
Whale Watching Holdings	1.48%
Dominic Marinelli	1.04%

### Company contacts

David Loch (IR Director) +61 7 3184 9184  
investorrelations@australianmines.com.au

### RaaS Advisory contacts

Finola Burke +61 414 354 712  
finola.burke@raasgroup.com



# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

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  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

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Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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