

22 November 2022  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

## ASX RELEASE

### Secures \$4.55 million investment and launch of entitlement offer

#### Highlights:

- \$4.55 million investment by Lind Partners and SBC Global Investment Fund, both institutional fund managers with US investment offices.
- Launch of a 1 for 9.8 non-renounceable pro-rata Entitlement Offer to raise up to approximately A\$2.8m (before costs).
- Entitlement offer underwritten to a total of \$1.3m, made up of \$1.05m underwritten by Bell Potter, plus board and key management personnel underwriting \$0.25m
- Funds raised to be used to continue to advance the Sconi Project to produce nickel and cobalt sulphate for electric vehicle applications.

**Australian Mines Limited (ASX:AUZ, or the Company)** is pleased to advise that it has executed agreements with Lind Global Fund II, LP, a fund managed by The Lind Partners (together, Lind), and SBC Global Investment Fund (together the Investors) for a combined investment of \$4.55 million by way of Share Subscription Agreements (Subscription Agreements).

The \$4.55 million investment is via a pre-payment for a placement of ordinary fully paid shares and 21,186,441 unlisted 3-year options to each investor, with an exercise price of \$0.089. The issue of Options is subject to shareholder approval. Other material terms of the Subscription Agreements are set out in Schedule 1.

Australian Mines is also pleased to announce a 1 for 9.8 non-renounceable Entitlement Offer to existing shareholders to raise up to approximately A\$2.8m (before costs) on the terms outlined below. The Entitlement offer is underwritten to a total of \$1.3m, made up of \$1.05m by Bell Potter, plus board and key management personnel underwriting \$251,000 as follows:

Board and key management personnel	Underwritten Amount
Michael Ramsden	\$114,000
Michael Holmes	\$50,000
Michael Elias	\$17,000
Dominic Marinelli	\$35,000
Les Guthrie	\$35,000
<b>Total</b>	<b>\$251,000</b>

Bell Potter Securities acted as Lead Manager, Bookrunner and Underwriter to the Capital Raise.

#### Use of Funds

The proceeds from the Subscription Agreements and Entitlement 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 offer

Chief Executive Officer, Michel Holmes, commented:

*"I am very pleased in the funding support that Australian Mines has received from Lind and SBC Global Investment Fund as the Company executes its plan to bring its flagship Sconi Project into production. Over the coming months the funds will be applied to project financing activities, environmental works and technical studies to advance the Sconi Project along the path to Final Investment Decision (FID). Australian Mines will bolster the management team to manage these activities and undertake exploration<sup>1</sup> programs outside the Sconi Project's current Ore Reserve and Mineral Resource to determine additional potential."*

<sup>1</sup> Australian Mines Limited, *Australian Mines seeks to enhance commercial potential of the Sconi Project with additional nickel and cobalt exploration* (ASX: 22 April 2022)

### 1 for 9.8 Non-Renounceable Pro-Rata Entitlement Offer and Shortfall

The Company is undertaking a 1 for 9.8 (1 new share for every 9.8 existing shares held on the Record Date) non-renounceable pro-rata entitlement offer to raise approximately A\$2.8 million (before costs) via the issue of up to approximately 47.8m shares (Offer Shares) (subject to rounding) at an issue price of \$0.059 per Offer Share. For every two Shares taken up in the Entitlement Offer, participants will be granted 1 free attaching Option. Each Option will have an exercise price of \$0.089 per share, which expire 3-years after the date of issue.

The Entitlement Offer is partially underwritten by Bell Potter Securities to the amount of \$1.05m. Bell Potter will be paid an underwriting fee 6% plus two Options for each \$1.00 underwritten. The Entitlement Offer is partially underwritten by Board and key management personnel to the amount of \$251,000. Board and key management personnel will be paid an underwriting fee of 6%.

Participants will also be able to apply for more than their entitlement. Australian Mines will also seek to place any shortfall under the Entitlement Offer within three months of it closing.

The issue price of \$0.059 per share under the Entitlement Offer represents a 14.5% discount to the last closing price of AUZ's shares on ASX on 18 November 2022 of \$0.069 per share (the last day of trading before the announcement of the Subscription Agreements and Entitlement Offer).

### Entitlement Offer Indicative Timetable\*

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

*\* Note: 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 as a result of accepting an allocation in the Entitlement Offer.*

**Jeff Easton, Lind Partners Founder, commented** “Having followed Australian Mines for some time, Lind is extremely pleased to be investing in the company to become a meaningful stakeholder. We hope our investment will assist the company in securing a strategic investor to collaborate in the development of the Sconi Project.”

ENDS

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*Authorised for release by the Board 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.

#### **About The Lind Partners**

The Lind Partners manages institutional funds that are leaders in providing growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind’s funds make direct investments ranging from US\$1 to US\$30 million, invest in syndicated equity offerings and selectively buy on market. Having completed more than 150 direct



investments totalling over US\$1 Billion in transaction value, Lind's funds have been flexible and supportive capital partners to investee companies since 2011. For more information, please visit [www.thelindpartners.com](http://www.thelindpartners.com)

**About SBC Global Investment Fund**

SBC Global Investment Fund seeks to make non-control direct investments in growth companies following detailed analysis of asset quality, management, and industry trends. The fund has existing investments in the battery materials sector and is impressed with the commercial potential of the Sconi project.

## Schedule 1 – Key Terms of Subscription Agreements

- **Overview:** Lind and SBC Global Investment Fund 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 and a credit amount worth \$5,000,000 (**Advance Payment Credit**), which may be used to subscribe to shares during the Term (**Placement Shares**).
- **Commitment Fee paid to Lind and SBC Global Investment Fund:** Fees totalling \$150,000 are payable to Lind and SBC Global Investment Fund.
- **Initial Shares:** On receipt of the Advance Payment, the Company will issue to Lind and SBC Global Investment Fund a total of 25,000,000 shares (which may be applied towards satisfying the Company's subscription obligations under the Funding 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 Global Investment Fund will pay the Company for those outstanding Initial Shares based on a formula set out in the Subscription Agreement.
- **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 Global Investment Fund 21,186,441 options each, with an exercise price of \$0.089 per share, which expire 3-years after the date of issue. If shareholder approval is not given for the issue of options by 28 February 2023 then Lind and SBC Global Investment Fund will not be required to pay for the Initial Shares.
- **Purchase Price of Placement Shares:** Placement Shares may be issued at two different prices, being:
  1. \$0.089 per share (**Fixed Subscription Price**); or
  2. 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**).
- **Purchase of Placement Shares:** Lind and SBC Global Investment Fund can subscribe for Placement Shares during the Term, subject to the following conditions:
  1. Until 28 February 2023, at the Fixed Subscription Price;
  2. From 1 March 2023 until 21 November 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind and SBC Global Investment Fund 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;
  3. Following 21 November 2023 at the Fixed Subscription Price or the Variable Subscription Price, without monthly limits.

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

- Raised at least \$2,500,00 by way of placement and / or entitlement offer, or
- 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.

If for any reason during the Subscription Agreements the Company is unable to issue shares to fulfil a subscription request the Company must pay the cash amount of that request.

- **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 Global Investment Fund during the Term.
- **Term:** 18 months after the Advance Payment Date, subject to Lind's and SBC Global Investment Fund's right to extend for 6 months.
- **Company's Option to Pay in Cash:** following a subscription request by Lind or SBC Global Investment Fund, the Company has the option to pay an amount to Lind or SBC Global Investment Fund 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.
- **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 Global Investment Fund. If the Company does so, Lind and SBC Global Investment Fund 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.
- **Repayment on Capital Raise:** Lind and SBC Global Investment Fund 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.
- **Other Terms:** the agreement contains customary investor protections such as negative covenants, default events and representations and warranties.
- **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 Global Investment Fund to the extent that no amount of the Advance Payment Credit remains unused.
- **Rights of Investor upon default:** The agreement contains events of default considered standard for equivalent agreements. If a default event occurs that is incapable of being remedied the Investor may require the Company to repay the Unused Advance Payment Credit.

There is no security provided by the Company to Lind or SBC Global Investment Fund in respect to the Subscription Agreements. No interest is payable under the Subscription Agreements.

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.