



13 August 2014

Entitlement Offer to fund drilling program at Simmons nickel prospect, Western Australia

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to advise that it will be undertaking a pro-rata Entitlement Offer to existing shareholders to raise \$1.48 million to fund its maiden drill program of the Simmons nickel prospect in Western Australia.

The Simmons prospect is situated within Australian Mines’ Marymia project area, which is located only 55 kilometres northeast of Sandfire Resources’ DeGrussa copper-gold mine. A ground-based electromagnetic survey recently completed over an historic nickel and copper soil anomaly at Simmons detected a strongly conductive body below the surface that independent geophysicists concluded represents a high priority target for massive sulphide mineralisation.

The proposed Entitlement Offer will further strengthen Australian Mines’ financial position and provide the Company with the necessary funding to undertake the planned drilling of this priority base metal target. At present, the Company has approximately \$1.7 million in cash and no debt.

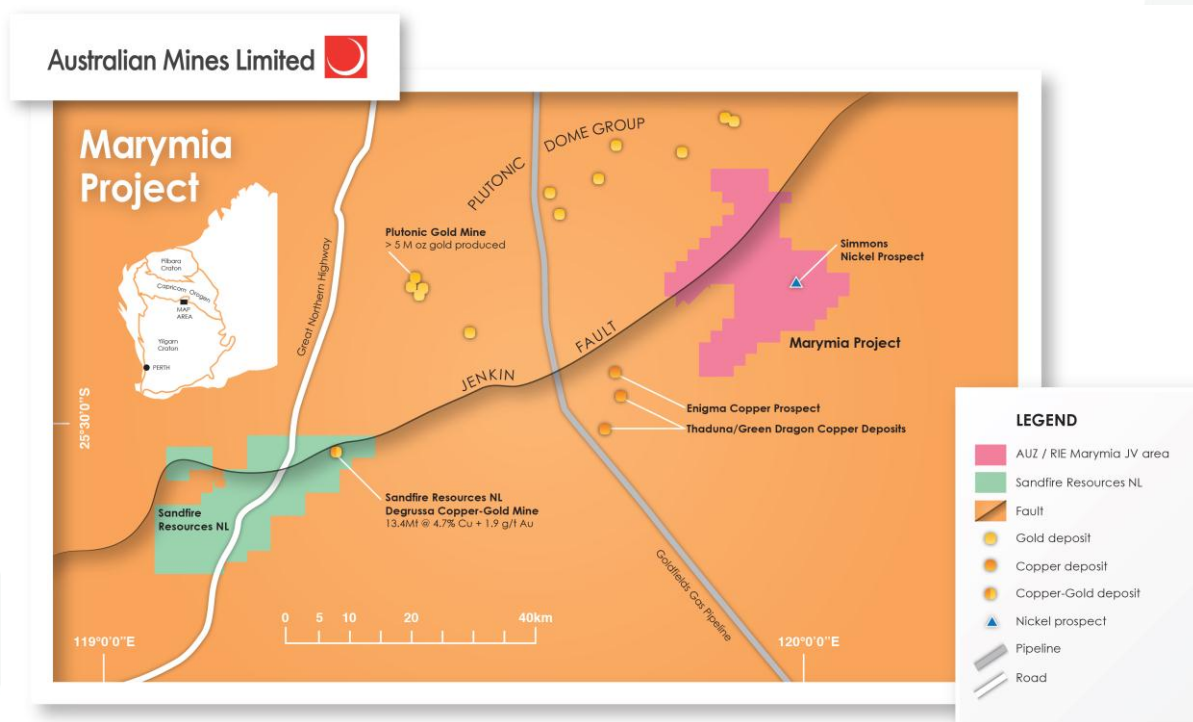


Figure 1: Location of the Simmons nickel prospect within Australian Mines’ Marymia project

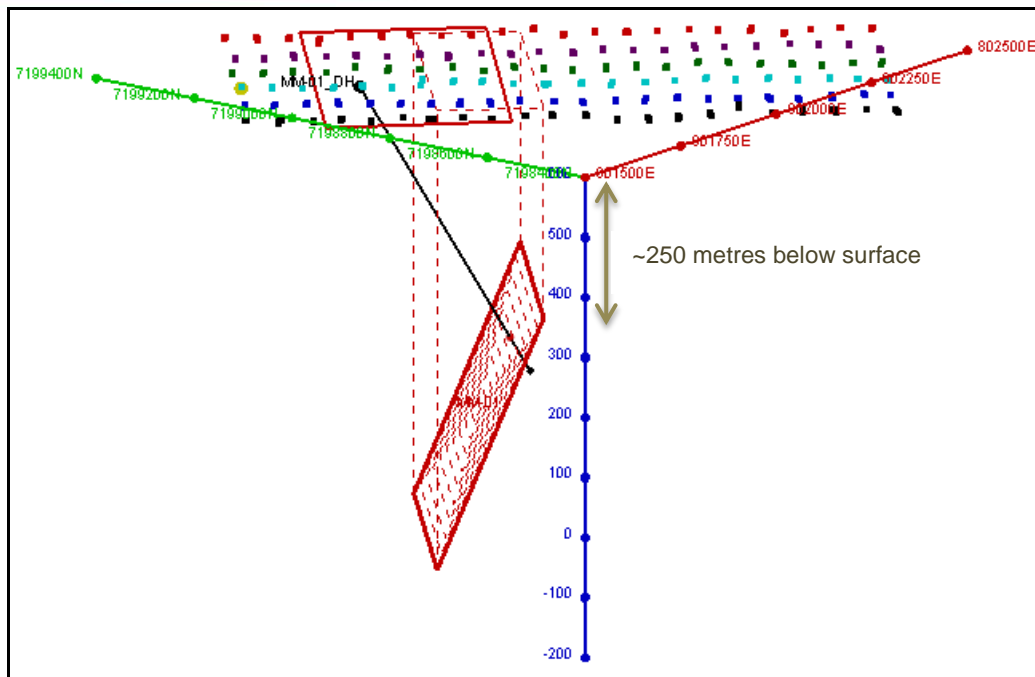


Figure 2: Schematic representation of one of Australian Mines' proposed diamond drill hole (in black) at Simmons, which will be funded through the Company's Entitlement Offer.

Entitlement Offer Details

- Total number of New Shares to be issued is 114,074,939 at an Issue Price of \$0.013 to raise \$1.48 million before costs.
- Australian and New Zealand shareholders will be entitled to participate on a 1-for-5 basis (that is, these shareholders are entitled to purchase one new ordinary share for every five existing ordinary shares they held at the Record Date).
- Australian and New Zealand shareholders will have the opportunity to apply for New Shares in addition to their Entitlements at the Issue Price.
- This Offer is fully underwritten by Terrain Capital Markets Limited.

Use of Funds

Funds received from the proposed Entitlement Offer will be used to fund an exploration drilling campaign at the recently identified Simmons nickel prospect (announced 1 August 2014), which is scheduled to commence in September 2014.

The Company believes the Simmons prospect has the potential to host Kambalda-style nickel sulphide mineralisation with independent research indicating that the ultramafic rocks within the Company's Marymia project area may be the equivalent ultramafic sequence that hosts the Kambalda, Mt Keith, Perseverance and Cosmos nickel deposits.



In addition to drilling the Simmons prospect, the Company will continue to explore the 425km² Marymia project, which hosts more than 20 kilometres of potential nickel-bearing ultramafic rocks. Australian Mines will also seek to advance the exploration of a number of promising DeGrussa-style copper-gold targets situated adjacent to the Jenkin Fault structure that transects the Company's Marymia tenements.

Key Dates

Important dates for participation in the proposed Entitlement Offer are outlined below:

Event	Date
Announcement of Entitlement Offer	13 August 2014
Lodgement of Appendix 3B with ASX	13 August 2014
Letter sent to current option holders	13 August 2014
Notice sent to current shareholders	13 August 2014
"Ex" Date (the date shares are quoted ex-rights)	20 August 2014
Record Date to determine Entitlements	22 August 2014
Offer letter sent to shareholders	26 August 2014
Announcement that letter dispatch has been completed	26 August 2014
Lodge 708AA Cleansing Notice with ASX	26 August 2014
Offer period opens	26 August 2014
Offer period closes	16 September 2014
Notification of under subscriptions	19 September 2014
Issue date of New Shares	23 September 2014
Commencement of normal trading	24 September 2014
Dispatch of holding statements	24 September 2014

Managing Director Benjamin Bell commented, "As previously reported, we are very encouraged by the initial exploration results received from the Marymia nickel-copper-gold project, in particular the identification of the exciting Simmons prospect.

"We believe the Simmons prospect represents a robust exploration opportunity for our shareholders and participation in the proposed Entitlement Offer will assist the Company to accelerate the drilling and exploration programs outlined for Marymia.

"We would like to thank our shareholders for their continued support and look forward to providing an update on the Company's exploration program in the near future."

ENDS

For further information, shareholders and media please contact:

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Competent Person's Statement

Information in this report that relates to Exploration Results is based on information compiled by Benjamin Bell who is a Member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.