



QUARTERLY ACTIVITIES REPORT

For Period Ended 30 September 2014

ASX: AUZ

30 October 2014

HIGHLIGHTS

Marymia Project

Nickel exploration

- Completed two diamond core drill holes at Simmons prospect for total of 1,230 metres
 - Confirmed favourable host rocks and sulphides present within project area
- Commenced expanded EM survey over priority nickel-in-soil geochemical anomalies

Copper exploration

- Identified a cluster of four EM conductors along Jenkin Fault
 - Targeting potential repetition of DeGrussa-style VMS mineralisation
 - Undertaking follow-up geophysical survey in November

Gold exploration

- Review concluded strong evidence of high-grade primary gold mineralisation at Marymia
 - Obtaining statutory approvals to drill test potential gold bearing structural targets

Corporate

- Raised \$1.48 million through fully-underwritten Entitlement Offer
 - Current exploration program now fully-funded
- Maintained strong financial position with \$2.49 million cash-in-bank and no debt as at 30 September



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders its Quarterly Activities Report for the period ended 30 September 2014.

Marymia Nickel-Copper-Gold Project

Australian Mines’ Marymia Project is located 55 kilometres northeast, and along strike of, Sandfire Resources’ DeGrussa copper-gold mine in Western Australia.

This project is similarly located 40 kilometres east of Northern Star’s recently acquired Plutonic Gold Mine – a mine that has been in continuous production for over 20 years, producing over 5 million ounce of gold to date¹.

One of the key attributes of the Company’s Marymia Project is its strong multi-commodity potential, with the project area potentially hosting Kambalda-style nickel sulphide, DeGrussa-style copper-gold and Plutonic-style gold mineralisation.

Nickel sulphide exploration

Historic drilling of the oxide zone across the Marymia Project has previously returned encouraging supergene nickel results, including²:

- 8 metres @ 1.05% nickel from 16 metres below the surface (drill hole K5-6)
- 13 metres @ 0.74% nickel from 28 metres below the surface (drill hole K5-7)
- 24 metres @ 0.58% nickel from 12 metres below the surface (drill hole K5-8)
- 4 metres @ 1.07% nickel from 28 metres below the surface (drill hole NKB0724)

Despite these promising preliminary results, no systematic exploration for primary nickel sulphide mineralisation has previously been undertaken across the project area.

Australian Mines commenced its nickel exploration at Marymia this quarter and on 1 August 2014, the Company reported that its ground-based electromagnetic (EM) survey near an historic nickel-in-soil anomaly had detected a strongly conductive sulphide body at depth. This geophysical anomaly, named the Simmons prospect, became the predominant focus of the Company’s exploration activities throughout the September quarter.

Modelling of the late-time bedrock conductor at Simmons indicated that the source of the anomaly was a 400-metre long body, which appeared to be adjacent to a previously reported 1,200 x 600 metre nickel and copper soil anomaly³. The top of the conductive body was estimated to be approximately 250 metres below surface with the body continuing to a depth of at least 700 metres.

¹ Northern Star Resources Limited, Plutonic Acquisition Presentation, released 23 December 2013

² Riedel Resources Limited, Annual Report 2013, released 12 September 2013

³ Falcon Minerals Limited, AGM Presentation, released 9 November 2009



The identification of a strong late-time conductor within an ultramafic host rock was the catalyst for Australian Mines to devise a strategic diamond core drilling program to test the source of this bedrock conductor at Simmons.

In September, the Company reported that it had completed an initial two-hole diamond drilling program at the Simmons prospect, which successfully intersected high-magnesium ultramafic rock - being the prerequisite geology for hosting Kambalda-style nickel deposits.

Two distinct sulphide zones (>10% sulphides) were observed in these drill holes, with both zones consisting primarily of iron sulphides with trace amounts of other sulphides (Appendix 1, Table 1).

As the iron sulphides of pyrrhotite and pyrite together with pentlandite (nickel sulphide) dominate the mineralogy of Kambalda-style nickel deposits, the presence of iron sulphides at the Company's Simmons prospect is therefore considered significant.

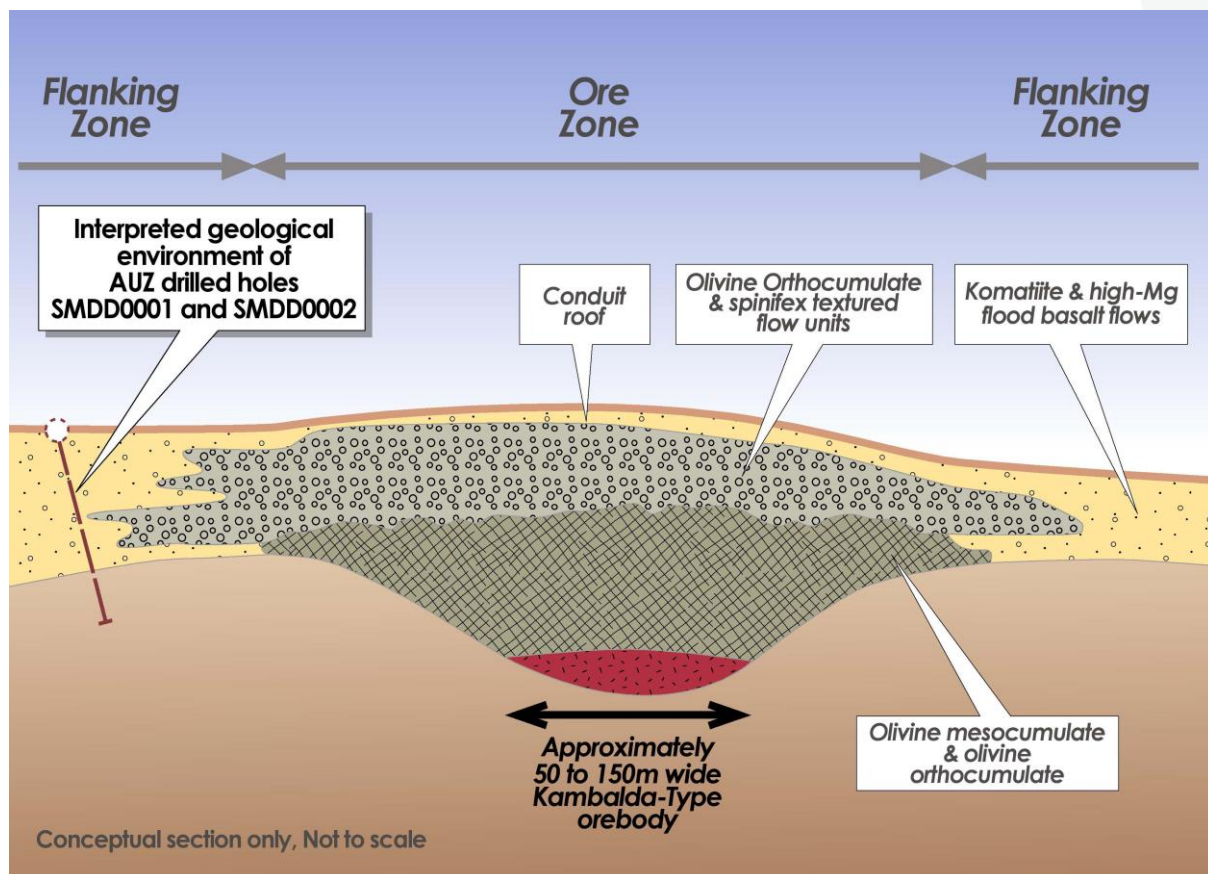


Figure 1: Schematic cross-section of a typical Kambalda-style nickel deposit. Preliminary results from Australian Mines' maiden drilling program at Simmons suggest that the Company's diamond core holes (SMDD001 and SMDD002) were located within the Flanking Zone of the ultramafic sequence. (Image modified from Hoatson et al., 2006, Nickel sulphide deposits in Australia, *Ore Geology Reviews*, 29, 177-241).



Earlier this month, Australian Mines announced it had commenced an EM survey over the northern continuation of the Simmons ultramafic sequence in addition to a number of other priority nickel targets across the Marymia Project.

These additional target zones include:

- **MM001** – surface geochemical anomaly extending for 1,200 x 800 metres with a strong coherent nickel and copper response
- **MM004** – surface geochemical anomaly covering 2,400 x 1,200 metres and developed on a sub-cropping ultramafic lithology

This expanded EM survey at Marymia is anticipated to be completed by mid-December.

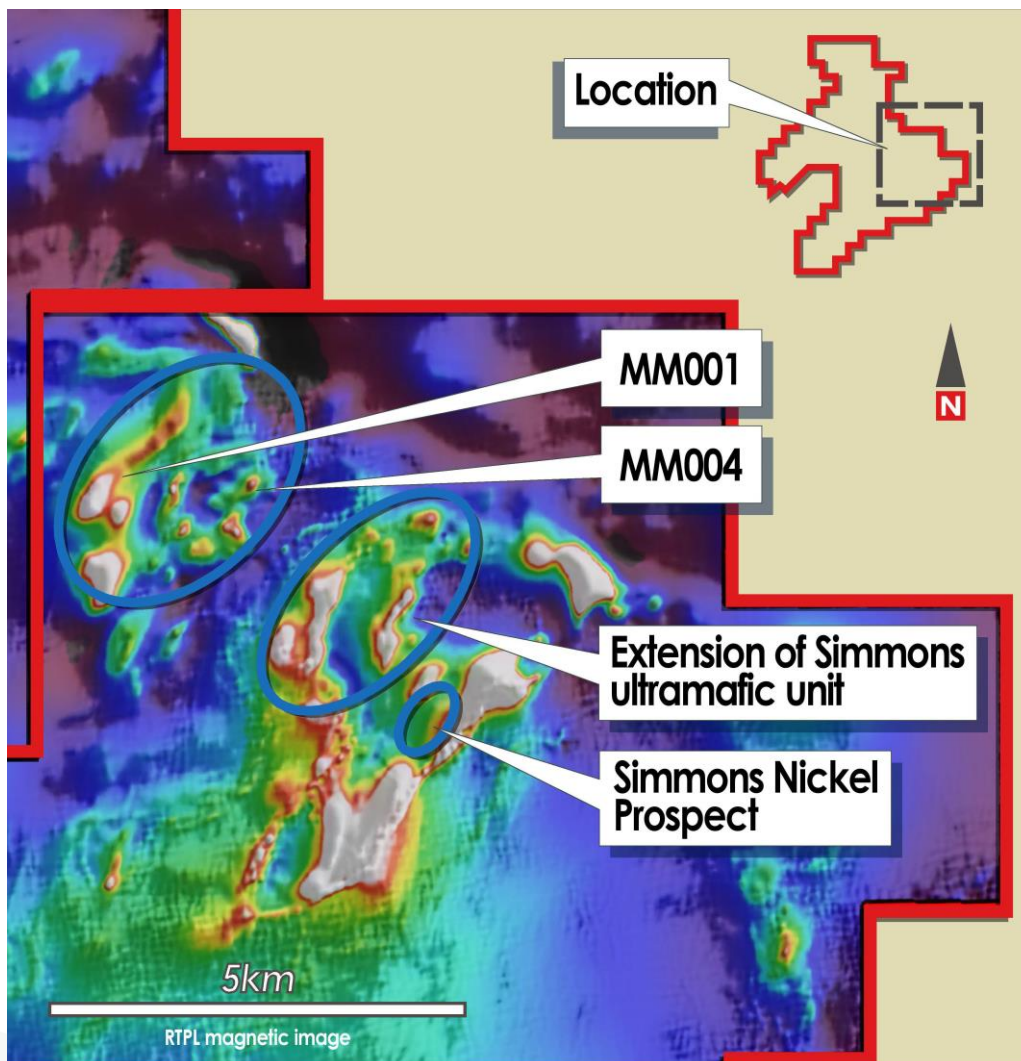


Figure 2: The ground-based electromagnetic survey currently in progress at Australian Mines' Marymia Project is testing the northern extension of the Simmons ultramafic unit and a number of priority surface geochemical anomalies including the MM001 and MM004 target zones for indications of potential buried massive sulphide mineralisation.



DeGrussa-style VMS copper-gold exploration

Since the discovery of the DeGrussa deposit in 2009, Sandfire Resources has defined a total Mineral Resource of 13.4 million tonnes @ 4.7% copper and 1.9g/t gold for a total of 634,000 tonnes of copper and 795,000 ounces of gold.

The DeGrussa copper-gold deposit is interpreted to be a volcanogenic massive sulphide (VMS) style ore body, with the key structure controlling the DeGrussa mineralisation being the major northeast-trending Jenkin Fault⁴.

Significantly, Sandfire Resources has reiterated that VMS-style ore bodies, of which DeGrussa is an example, typically occur in clusters and often with multiple centres of mineralisation across a region⁵.

As Australian Mines' Marymia Project covers a 20-kilometre strike length of the Jenkin Fault, this project has the potential to host possible repetitions of DeGrussa-style mineralisation.

A review by Australian Mines of the historic exploration activity reports revealed that a wide-spaced reconnaissance rotary air blast (RAB) drill program had previously identified an area of extensive base metal anomalism along the Jenkin Fault within the Company's project area⁶.

Assays returned from this historic RAB drill program included 1 metre @ 1% lead + 0.1% zinc + 220ppm copper from 18 metres (drill hole PYRB363) in addition to broader base metal anomalies including 12 metres @ 950ppm lead (drill hole PYRB359), 8 metres @ 1,450ppm lead (drill hole PYRB373) and 12 metres @ 1,011ppm zinc (drill hole PYRB376)⁷.

Plutonic Operations Limited subsequently completed an EM survey over these base metal anomalies in 1996.

This ground-based EM survey successfully identified a cluster of four moderately conductive bodies proximal to the Jenkin Fault, in an area that now forms part of Australian Mines' Marymia Project⁸.

To date, the source of these four EM anomalies along the Jenkin Fault remains untested by drilling.

Australian Mines is continuing to review and model the data from Plutonic's 1996 ground EM survey in an effort to determine the size, depth extent and possible source of these conductors. As part of this review process, the Company will include a series of check lines over these anomalies as part of the Company's current EM survey at Marymia.

Australian Mines will await the results from these validation survey lines before commencing follow-up exploration of these prospective VMS targets.

⁴ Thundelarra Limited, Presentation at Noosa Mining and Exploration Conference, released 17 July 2014

⁵ Sandfire Resources NL, Quarterly Activities Report, released 21 October 2009.

⁶ Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1995 to 02/07/1996

⁷ Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1994 to 02/07/1995

⁸ Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1996 to 02/07/1997

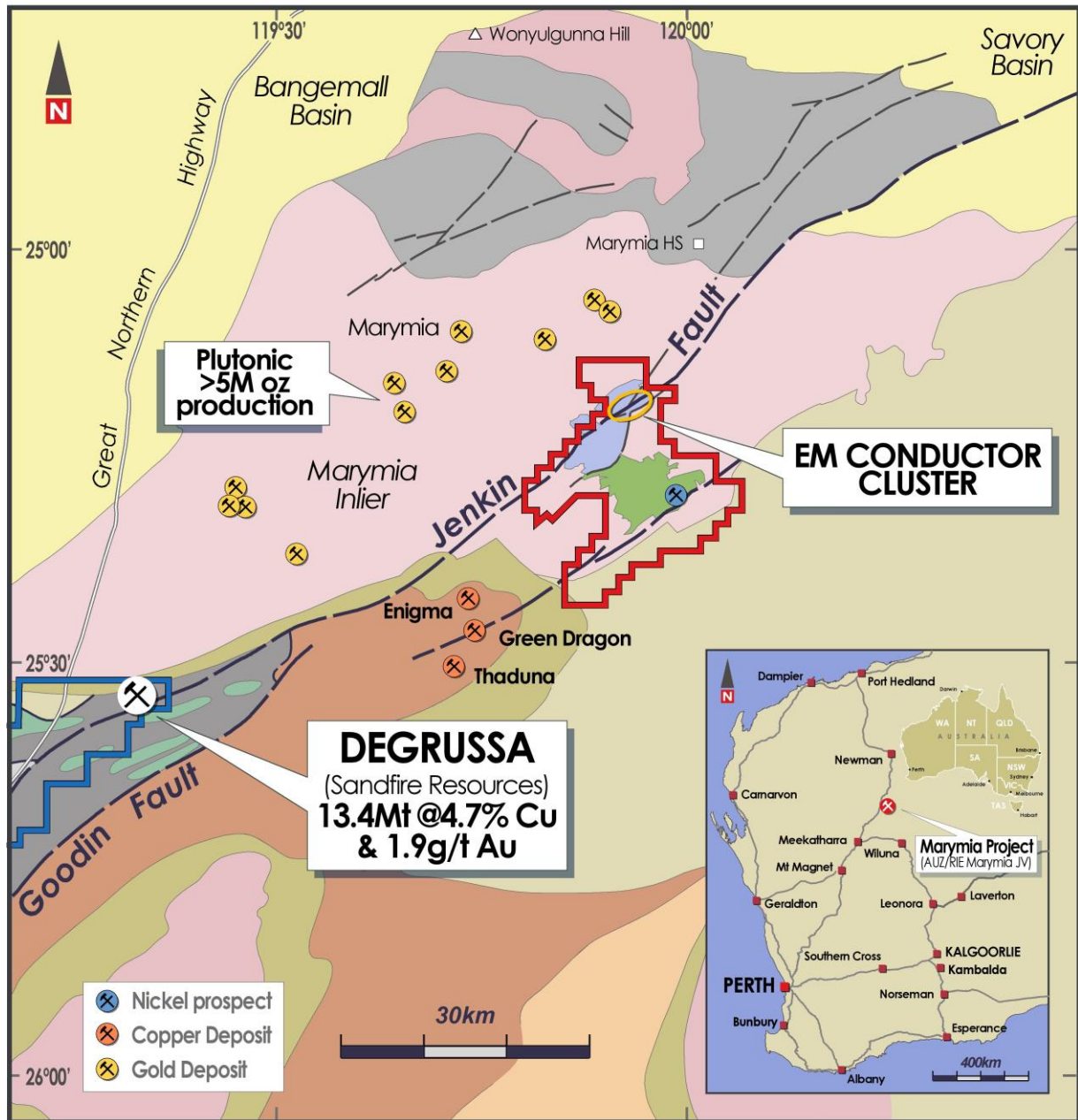


Figure 3: Schematic geological map of the Doolgunna / Marymia region of Western Australia. The Jenkin Fault, being the primary controlling structure of Sandfire Resources' DeGrussa copper-gold deposit is known to continue through Australian Mines' Marymia project area to the east. A moving loop electromagnetic survey conducted over a broad base metal anomaly within the Company's Marymia Project has previously identified a cluster of four EM conductors along the Jenkin Fault structure. These conductors currently remain untested by drilling.

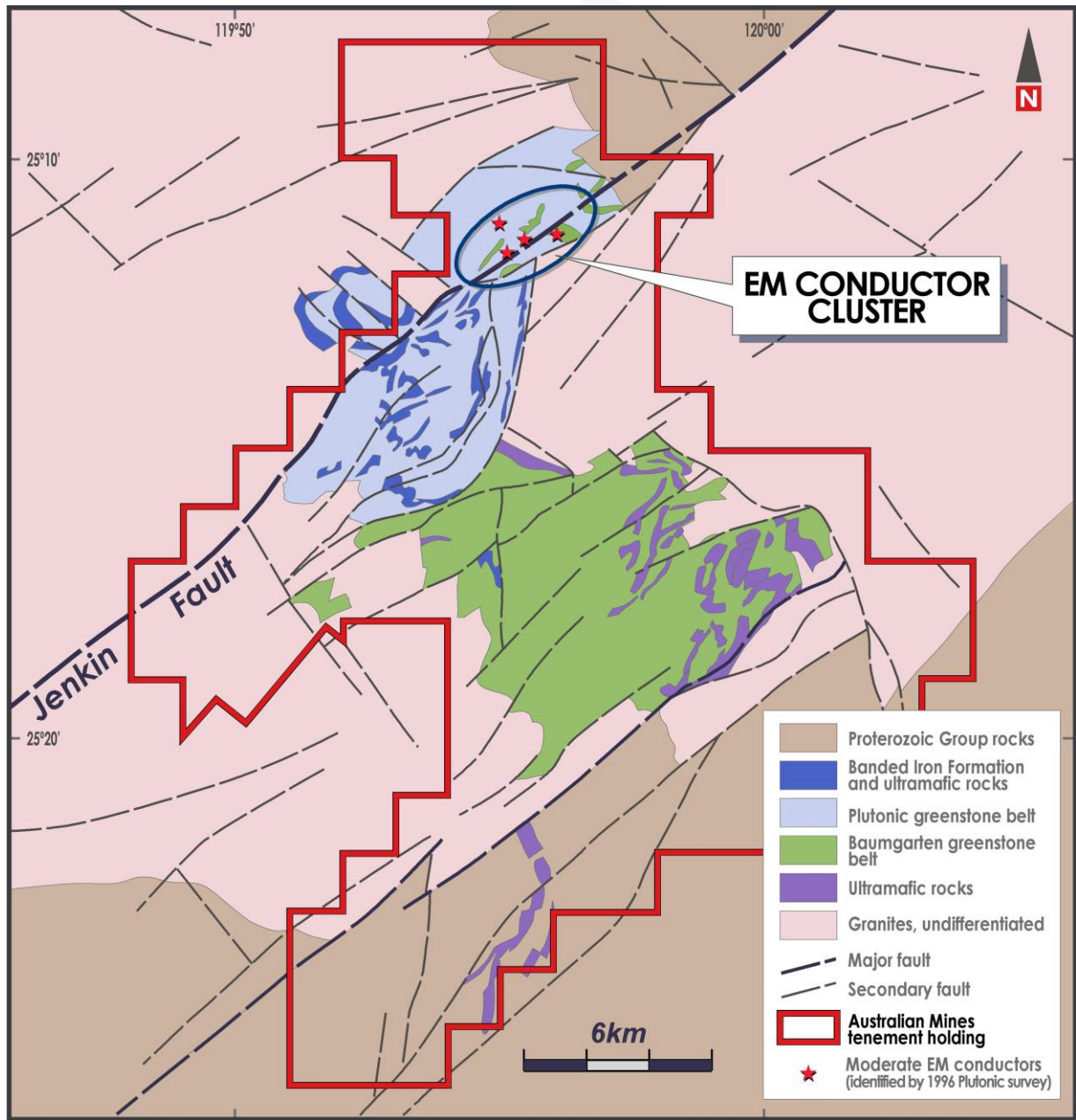


Figure 4: Location of the four moderately conductive EM anomalies previously reported within the Company's Marymia Project. This cluster of EM conductors occurs beneath an area of extensive base metal anomalism, which coincides with the Jenkin Fault. These EM conductors remain untested by drilling. Australian Mines is currently completing a number of check lines over these geophysical anomalies, which will enable the Company to determine the possible source of these conductors. These EM check lines will also allow Australian Mines to calculate the size and depth extent of these conductors. An appropriate follow-up drill program will be designed once the Company has received this newly acquired EM data.



Gold exploration

The Plutonic Gold Mine, which has produced over 5 million ounces of gold, is located 40km west of the Company's Marymia project.

Previous explorers have indicated that the greenstone geology occurring within Australian Mines' Marymia Project is an extension of the Archaean greenstones that host the nearby Plutonic gold deposits⁹.

The ore bodies at Plutonic were discovered in 1987 when a rotary air blast (RAB) drilling program intersected 'blind' gold mineralisation which later became the Plutonic Gold Mine¹⁰.

Despite having a similar geological setting to the rocks that host the Plutonic gold deposits, only limited drilling has been undertaken across the equivalent greenstone units within the Company's Marymia Project to date. This drilling, though, does confirm that rocks within the Company's Marymia project area are gold bearing as a number of intersections have been reported by previous explorers.

Examples of the results returned from historic exploration includes^{11,12}:

- 12 metres @ 11.0 g/t gold from 12 metres (drill hole RAB1432)
- 8 metres @ 11.1 g/t gold from 16 metres (drill hole RAB1427)
- 3 metres @ 9.5 g/t gold from 51 metres (drill hole BRD23)
- 56.6 g/t gold from a surface rock chip, which has yet to be drill tested

During this quarter, Australian Mines completed a review of the historic drilling campaigns and surface geochemical sampling programs completed over the Marymia Project.

This review highlighted a lack of effective drilling across the project area with the majority of the historic drilling failing to penetrate the weathered saprolite (oxide layer) present over the key gold targets.

Moreover, analysis completed by Australian Mines during the quarter concluded that there is strong evidence that the Marymia Project has the potential to host high-grade primary gold mineralisation in at least two zones within the project's greenstone belt.

The Company is presently designing an appropriate drill program to intersect these potential gold bearing structural targets and anticipates undertaking this drilling program in the first quarter of 2015.

⁹ Riedel Resources Limited, Marymia Project – Exploration Results and Update, released 10 February 2012

¹⁰ Riedel Resources Limited, Prospectus, released 23 November 2010

¹¹ Riedel Resources Limited, 2012 Annual Report, released 31 August 2012

¹² Riedel Resources Limited, Annual Report – Combined Reporting Group C144/2010, submitted to WA Department of Mines and Petroleum on 15 June 2013

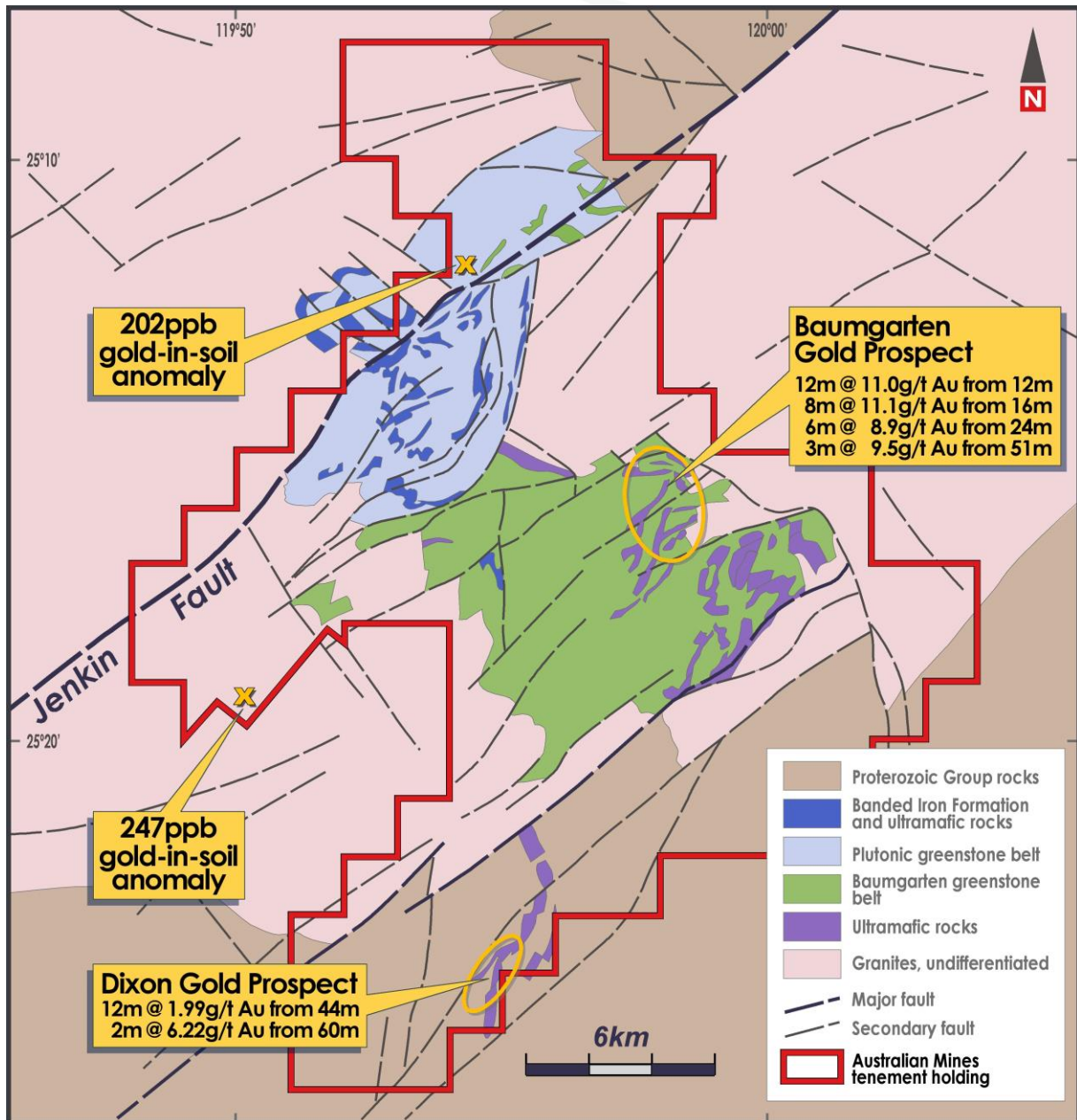


Figure 5: Previous shallow RAB drilling has identified two zones of potential high-grade gold mineralisation within Australian Mines' Marymia Project. The gold mineralisation at the Company's Baumgarten prospect is hosted within a typical Archaean geological setting with strong structural similarities to the Plutonic Well Greenstone Belt, which contains the 5 million ounce Plutonic Gold Mine. Minimal drill testing for primary bedrock-hosted gold mineralisation has been undertaken at the Baumgarten prospect to date. Similarly, the shear-hosted gold mineralisation at the Company's Dixon Gold Prospect remains largely untested beyond the mineralisation oxide layer. Technical reports have previously stated that the extent of sulphidation and veining that occurs within this prospect area indicates regional scale mineralising fluid flow with a propensity to generate a substantial gold orebody at the Dixon Gold Prospect¹³.

¹³ Galtrad Pty Ltd, Annual Technical Report for E52/594 for the period 27/09/95 to 26/09/1996, submitted to WA Department of Mines and Petroleum on 16 September 1996



Jumbulyer Project

Foothills gold and copper prospect

In March 2014, Australian Mines announced it had entered into a Farm-in and Joint Venture Agreement with Mount Magnet South NL (ASX: MUM) covering the Jumbulyer Project.

The Jumbulyer Project is located within the Murchison Goldfields district of Western Australia and includes the advanced Foothills prospect where previous scout drilling had intersected near-surface oxide gold and copper mineralisation in close proximity to an interpreted geological fault.

After completing a comprehensive review of the prospect's historic drilling, Australian Mines commenced a ground-based geophysics program over the Foothills prospect in April 2014.

This geophysical program, comprising a moving loop electromagnetic (EM) survey and a subsequent sub-audio magnetics (SAM) survey, was designed to test for the presence of gold-bearing iron sulphide (pyrrhotite and/or pyrite) zones within the underlying bedrock, and to highlight any potential copper targets that may be present within the project area.

As reported by the Company on 19 May 2104, an interpreted EM anomaly was recorded near the intersection of two geological structures and within 150 metres of previously intersected copper oxide mineralisation. The depth of this conductive source was modelled at 120 metres below the surface, which was a depth untested by the historic reconnaissance drilling.

To investigate this anomaly, Australian Mines drilled a single reverse circulation (RC) hole into the interpreted bedrock conductor. This drill hole intersected a zone of disseminated iron sulphides and quartz veining, being the apparent source of the EM anomaly.

Assays results recently received from this RC drill hole, however, did not return any significant levels of gold or copper mineralisation (Appendix 1, Table 2). Australian Mines has therefore downgraded the Foothills prospect's potential to host a major copper ore body.

During this quarter, Australian Mines also received the results from the SAM survey undertaken across the Foothills prospect.

The SAM results indicated that the Foothills prospect is prospective for Quasar / Bartus-style felsic-hosted gold mineralisation (Figure 6). Across the Murchison Goldfields district, this style of mineralisation typically yields around 20,000 ounces of gold per deposit^{14,15}.

Taking into consideration the estimated size and economic scope of any future gold resource at Foothills and the prospect's reduced potential to host a significant copper deposit, the Company is currently reviewing its forward exploration program of the Foothills prospect and the greater Jumbulyer project area.

¹⁴ Ramelius Resources Limited, Resources and Reserves Statement, released 3 September 2014

¹⁵ Robertson, I.D.M., King, J.D., Anand, R.R., and Butt, C.R.M., Quasar Gold Deposit, Mt Magnet, Western Australia, CRCLEME published report 2004

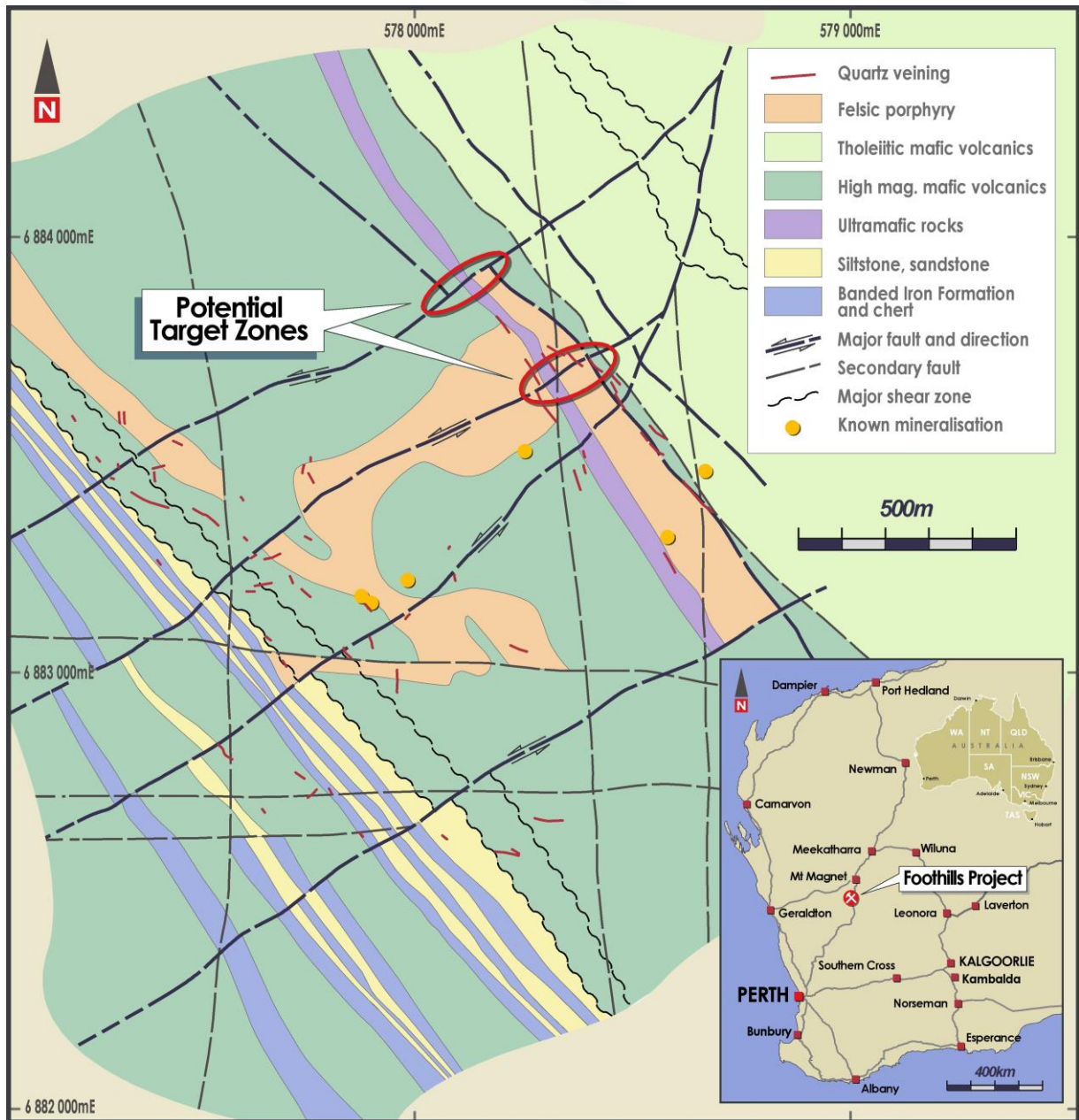


Figure 6: Sub-audio magnetics (SAM) survey data recently acquired over the Foothills prospect identified two potential Quasar / Bartus-style gold targets within the project's felsic volcanic unit. Australian Mines is currently reviewing its proposed exploration program for Foothills and the broader Jumbulyer Project.



Marriotts Nickel Project

The Marriotts Project is a shallow nickel sulphide deposit located 70 kilometres south of BHP Billiton's nickel mining centre at Leinster, Western Australia.

A nickel sulphide resource has been estimated for Marriotts¹⁶, and drilling previously completed by the Company suggests there may be potential to increase this resource at depth¹⁷.

Australian Mines will continue to retain the Marriotts Project with a view to updating the resource should nickel prices improve in 2015.

Nigerian Gold Project

During the September quarter, the Company continued to review its project portfolio including the assets held in Nigeria.

Having undertaken this review, Australian Mines maintains its position that the thickness and continuity of the mineralisation in Nigeria's northwest gold province may be insufficient to support a commercially viable gold mining operation, and that the Marymia Project represents a substantially more robust exploration opportunity with significant upside for shareholders. As a result, no further exploration activities are planned for the Company's Nigerian tenements.

Corporate

Entitlement Offer raises \$1.48 million

As reported by the Company on 19 September 2014, Australian Mines recently completed a pro-rata Entitlement Offer to existing shareholders.

This Offer raised \$1.48 million before costs and was strongly supported by the directors of Australian Mines.

The funds received through the Entitlement Offer were allocated towards completing the diamond core drilling program at Simmons and accelerating the Company's exploration activities across the broader Marymia project area.

Australian Mines remains conscious of the current economic climate. In order to maintain its robust cash position and allow for the continued strategic exploration of priority targets, the Company continues to implement cost reduction measures across the business where possible.

As a result, Australian Mines remains in a sound financial position with \$2.49 million cash-in-bank and no debt as at 30 September 2014.

¹⁶ Australian Mines Limited, Annual Report 2011, released 31 October 2011

¹⁷ Australian Mines Limited, Annual Report 2009, released 27 October 2009



Payment to Riedel Resources – Marymia Heads of Agreement

Under the terms of the Heads of Agreement announced on 30 April 2014, “if Australian Mines elects to continue its earn-in of the Marymia Project the Company is required to make a single cash payment to Riedel Resources of \$250,000 by 11 November 2014”.

Australian Mines has informed Riedel Resources that the Company intends to make this cash payment before this date and, thereby, continue with its earn-in of the Marymia Project

Annual General Meeting

Australian Mines would like to advise its shareholders that the Company will be holding its Annual General Meeting (AGM) on 25 November 2014 at The Celtic Club in West Perth (48 Ord Street).

This meeting is scheduled to commence at 1:30pm Western Standard Time.

****ENDS****

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About Australian Mines:

Australian Mines (ASX: AUZ) is an Australian-listed resource company targeting gold and base metal deposits. The Company is currently acquiring an interest in two assets in Western Australia, which have demonstrated a potential to host mineralisation.

Marymia Nickel-Copper-Gold Project (Agreement to earn up to 80%)

Australian Mines signed a Heads of Agreement with Riedel Resources on 29 April 2014 covering the Marymia nickel-copper-gold project, located 55 kilometres northeast and along strike of Sandfire Resources' world class DeGrussa copper-gold mine.

In addition to targeting VMS-style copper-gold mineralisation, Australian Mines will also be testing for nickel sulphide mineralisation across the Marymia Project as historic drilling of the oxide zone has returned encouraging results including 8m @ 1.05% Ni from 16m, 4m @ 1.07% Ni from 28m, and 13m @ 0.74% Ni from 28m. (AUZ release: 30 April 2014).

Under the terms of the Agreement announced on 30 April 2014, Australian Mines may acquire a 51% interest in the Marymia Project by spending \$1 million on exploration within an initial two-year period. Following the acquisition of the initial 51% Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in the project by spending a further \$2 million on exploration within a further 36 month period.

Foothills Gold and Copper Project (Farm-In Agreement to earn up to 80%)

In March 2014, Australian Mines entered into a Farm-In and Joint Venture Agreement with Mount Magnet South for the Jumbulyer tenements near Mt Magnet. Included within this tenement package is the advanced Foothills prospect.

Historic scout drilling at Foothills has defined a zone of gold mineralisation extending over 100 metres and remaining open both along strike and at depth. Results returned from this drilling included 16m @ 6.6 g/t Au from 9m, 10m @ 3.3 g/t Au from 20m and 14m @ 2.6 g/t Au from 38m (AUZ release: 7 March 2014).

Under the joint venture agreement, Australian Mines may acquire a 60% interest in the project by spending \$1 million on exploration within an initial two-year period. On expending \$1 million, Australian Mines may acquire an additional 20% interest in the project (for a total of 80%) by spending a further \$2 million on exploration within 48 months of the completion of the initial 60% acquisition (AUZ release: 7 March 2014).



Appendix 1: Exploration Drilling Results

Table 1: Simmons Diamond Core Drill Program

Hole ID	Depth (m)	North (MGA50)	East (MGA50)	RL	Dip	Azimuth	Comments
SMDD001	600.7	7199080	801780	580	-60°	140°	<p>No significant nickel intersections returned</p> <p>Observed sulphides predominantly pyrrhotite & pyrite, and minor chalcopyrite</p> <p>3 metres @ 0.10% copper from 578 metres</p> <p>Ultramafic intersected at 526.6 metres down hole</p>
SMDD002	630.8	7199125	801775	580	-60°	140°	<p>No significant nickel intersections returned</p> <p>Observed sulphides predominantly pyrrhotite & pyrite, and minor sulphides</p> <p>1 metre @ 0.16% copper from 516 metres</p> <p>3 metres @ 0.82% zinc from 516 metres</p> <p>9 metres @ 827ppm nickel from 560 metres</p> <p>Ultramafic intersected at 504.8 metres down hole</p>



Table 2: Foothills Reverse Circulation (RC) Drill Program

Hole ID	Depth (m)	North (MGA50)	East (MGA50)	RL	Dip	Azimuth	Comments
FHRC001	170	6883100	577920	390	-60°	240°	No significant gold or copper intersections returned

All co-ordinates are recorded in MGA Zone 50.

Drill hole collar co-ordinates were obtained using handheld GPS and are accurate to within +/- 5 metres.

Reduced Level (RL) is reported in metres above sea level.

Diamond core was sampled at regular one-metre intervals for selected sulphide-bearing lengths

RC drill chips were sampled at regular one-metre intervals for the entire length of the drill hole.

Sample preparation and analysis of diamond core samples was undertaken at Bureau Veritas in Perth, Western Australia.

Sample preparation and analysis of RC samples was undertaken at Intertek Genalysis in Perth, Western Australia.

All samples were pulverised to produce a 50 gram charge, which was analysed by Fire Assay and Four Acid ICP-OES.

The quality of the analytical results is monitored through the use of internal laboratory procedures and standards in addition to Certified Reference Material (supplied by ORE Research and Exploration in Melbourne, Australia) and duplicates to ensure the results are representative and within acceptable ranges of accuracy and precision.



Appendix 2: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
NIGERIA				
Zamfara	Kasele	EL9447	Granted*	100%
Zamfara	Yargarma	EL8732	Granted*	100%
Zamfara	Yargarma	EL9449	Granted	100%
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

* Nigerian exploration licences 9447 and 8732 expired on 26 April 2014 and 17 May 2014 respectively. Under the Nigerian *Minerals and Mining Act 2007*, Australian Mines may apply to have these licences renewed for two further periods of two years each. Australian Mines submitted renewal applications for EL9447 and EL8732 to the Nigerian Mines Department in February 2014.

Mining tenements acquired and disposed of during the quarter

Nil

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Jumbulyer	Farm-In and Joint Venture	AUZ and MUM	0%	Announced 7 March 2014
Western Australia	Marymia	Heads of Agreement	AUZ and RIE	0%	Announced 30 April 2014

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Nil



Appendix 3: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<p><u>Foothills</u></p> <ul style="list-style-type: none"> Samples from Australian Mines' reverse circulation (RC) drill program are collected at one-metre intervals using a cone splitter to produce an approximate 3 kilogram sample, which is representative of the full drill metre. <p>Sampling is guided by Australian Mines' protocols and QAQC procedures which were designed in consultation with SRK Consulting, Perth.</p> <p>All samples were submitted to the Intertek Genalysis assay laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, V, W, Zn.</p> <p><u>Marymia</u></p> <ul style="list-style-type: none"> Samples from Australian Mines' HQ diamond core drill program are collected at one-metre intervals. The diamond drilling samples are half-core cut using an Almonte Diamond saw. This technique produces a representative of the full drill metre. <p>Sampling is guided by Australian Mines' protocols and QAQC procedures which were designed in consultation with SRK Consulting, Perth.</p> <p>All core samples were submitted to the Bureau Veritas laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, V, W, Zn.</p>



Drilling techniques

- Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.)

Foothills

- The Foothills drill program was a single reverse circulation (RC) drill hole and completed by Egan Drilling using an ED250 drill rig.

Marymia

- The Marymia drill program was two HQ diamond core drill holes and was completed by DDH1.

Drill sample recovery

- Method of recording and assessing core and chip sample recoveries and results assessed.
- Measures taken to maximise sample recovery and ensure representative nature of the samples.
- Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.

Foothills

- The reverse circulation (RC) sampling was good with almost no wet sampling at Foothills. Overall recoveries were good and there were no significant sampling recovery problems.

Insufficient drilling and geochemical data is available at present to evaluate potential sample bias. Australian Mines protocols, however, are followed to preclude any issues of sample bias due to material loss or gain.

Marymia

- The HQ diamond core recovery was good with generally greater than 95% core recovery for holes SMDD001 and SMDD002.

The length of each core run was recorded on core blocks by the drill contractor. These lengths were then measured by Australian Mines' geologists to ensure the length of actual core recovered by each drill run reconciled with the length stated by the drill contractor.

Overall core recovery was very good and there were no significant sampling / recovery problems.

Insufficient drilling and geochemical data is available at present to evaluate potential sample bias. Australian Mines protocols, however, are followed to preclude any issues of sample bias due to material loss or gain.



Logging

- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.

Foothills

- Geological logging of drill chips have been recorded for this drill hole, including lithology, mineralogy, grain size, texture, weathering, oxidation, colour and other features of the samples.

Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.

Logging of reverse circulation drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information. The drill hole was logged in full to the end of the hole.

Marymia

- Geological logging of diamond core have been recorded for these drill holes, including lithology, mineralogy, grain size, texture, weathering, oxidation, colour and other features of the samples.

Drill core was not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage. The drill hole was logged in full to the end of the hole.

Sub-sampling techniques and sample preparation

- If core, whether cut or sawn and whether quarter, half or all core taken.
- If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.
- For all sample types, the nature, quality and appropriateness of the sample preparation technique.
- Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.
- Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.
- Whether sample sizes are appropriate to the grain size of the material being sampled.

Foothills

- All 1 metre splits were passed through a cone splitter to produce a 12% split for assaying. The 78% off-split was collected in green bags for future testing as required.

Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.

All samples are pulverised to produce a 50-gram charge, which is analysed by Fire Assay and Four Acid ICP-OES.

The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style.



Marymia

- The diamond core returned from the Marymia drilling program was cut in half, perpendicular to the hole's orientation line. Samples were taken at one metre intervals over sulphide bearing zones.

Samples are dried and pulverised using industry standard methods by Bureau Veritas at their Perth assay laboratory.

All samples are pulverised to produce a 50-gram charge, which is analysed by Fire Assay and Four Acid ICP-OES.

The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style.

Quality of assay data and laboratory tests

- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.
- For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.
- Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.

Foothills

- Samples submitted to Intertek Genalysis in Perth are assayed using a Fire Assay and mixed four acid digest.

The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.

This method approaches a total digest for many elements although some refractory minerals may not be completely attacked.

The quality of the analytical results is monitored through the use of internal laboratory procedures and standards in addition to Certified Reference Material (supplied by ORE Research and Exploration in Melbourne, Australia) and duplicates to ensure the results are representative and within acceptable ranges of accuracy and precision.



Marymia

- Samples submitted to Bureau Veritas in Perth are assayed using a Fire Assay and mixed four acid digest.

The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.

This method approaches a total digest for many elements although some refractory minerals may not be completely attacked.

The quality of the analytical results is monitored through the use of internal laboratory procedures.

Verification of sampling and assaying

- The verification of significant intersections by either independent or alternative company personnel.
- The use of twinned holes.
- Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.
- Discuss any adjustment to assay data.
- No significant intersections are included in this report.

Primary data was collected using a set of standard Excel templates using lookup tables. The information was sent to the Company's external database consultant, rOREdata, for validation and compilation into Australian Mines' database.

No twinned hole drilling is proposed by Australian Mines at this stage.

No adjustments or calibrations were made to any assay values.

Location of data points

- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
- Specification of the grid system used.
- Quality and adequacy of topographic control.
- Drill hole collar locations at Foothills and Marymia were recorded using handheld Garmin GPS.

The expected accuracy is +/- 5 metres for easting and northings and 10 metres for elevation coordinates. Elevation values were in AHD. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.



Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
- Whether sample compositing has been applied.

Foothills

- Australian Mines' maiden drill program at Foothills involved a single reverse circulation hole targeting a geophysical anomaly interpreted for the Company's recently completed moving loop electromagnetic survey.

This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

Marymia

- Australian Mines' maiden drill program at Marymia involved two HQ diamond core holes targeting a geophysical anomaly interpreted for the Company's recently completed moving loop electromagnetic survey.

This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

No sample compositing was applied to the exploration results.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.

Foothills

- Australian Mines is targeting shear-hosted Archaean gold and copper mineralisation at Foothills.

Two geological shears / faults have been interpreted to transect the Foothills tenement of P58/1281; namely, the northwest-trending Foothills Shear and the northeast-trending Big Head Fault.

The orientations of the Company's drilling were designed to intersect these two geological structures at right angles in an attempt to minimise the risk of biased sampling.

The orientation of the drilling is deemed sufficient at this stage of exploration.



Marymia

- Australian Mines is targeting komatiite-hosted nickel sulphide mineralisation at Marymia.

The orientations of the Company's drilling were designed to intersect a modelled EM conductor at right angles in an attempt to minimise the risk of biased sampling.

The orientation of the drilling is deemed sufficient at this stage of exploration.

Sample security

- The measures taken to ensure sample security.
- The chain of custody is managed by Australian Mines.

Samples are stored on site and are delivered by Australian Mines personnel directly to the assay laboratory.

Audits or reviews

- The results of any audits or reviews of sampling techniques and data.
- Australian Mines' sampling techniques and data collection processes are of industry standard and have been subjected to internal reviews.

Any data received from the assay laboratories are independently verified by rOREdata in Perth, Australia.



Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<p><u>Foothills</u></p> <ul style="list-style-type: none"> The Foothills prospect is located within the Western Australian prospecting licence of P58/1281. A mining lease application (M38/359) has been submitted by the registered owner of this tenement, Mount Magnet South NL, under Section 49 of the Western Australian Mining Act 1978. Conversion of this prospecting licence to a mining lease is currently pending. <p>On 7 March 2014, Australian Mines announced it had entered into a Farm-In and Joint venture Agreement with Mount Magnet South (ASX code: MUM) in relation to the Jumbulyer Project. Prospecting licence P58/1281 is one of 31 granted and pending tenements covered under this Agreement.</p> <p>Prospecting licence P58/1281 lies within the Yoweragabbie Pastoral Lease and is wholly contained within the Native Title Claim boundaries of the <i>Badimia</i> Traditional Owners (WC1996/098).</p> <p>Exploration activities on P58/1281 are permitted under an agreement dated 22 January 2007 between Mount Magnet South and the Yamatji Marlpa Barna Baba Maaja Aboriginal Corporation as agent for the <i>Badimia</i>. Australian Mines is permitted to operate under this agreement as the company is joint venturing with Mount Magnet South on this project.</p> <p>Tenement P58/1281 is in good standing with no impediments to exploration known to exist at the time of writing.</p>



Marymia

- The Marymia Project is located within the Western Australian exploration licences of E52/2394 and E52/2395.

On 30 April 2014, Australian Mines announced it had signed a Heads of Agreement with Riedel Resources Limited (ASX code: RIE) in relation to the Marymia Project.

Exploration licences E52/2394 and E52/2395 are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the *Gingirana* (WAD6002/03) and *Yugunga-Nya* (WAD6132/98) Traditional Owners.

Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the *Yugunga-Nya* people; and 23 October 2010 between Audax Resources and Gingirana Pty Ltd. Australian Mines is permitted to operate under these agreements as the company is joint venturing with Riedel Resources on this project.

Exploration licences E52/2394 and E52/2395 are in good standing with no impediments to exploration known to exist at the time of writing.

Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.

Foothills

- Previous exploration at Foothills (P58/1281) by Australian Mines' joint venture partner, Mount Magnet South has returned encouraging gold and copper intersections from reverse circulation drilling.

Announcements outlining these historic drill results were released by Mount Magnet South on 19 September 2012, 21 November 2012, 27 November 2012 and 7 December 2012.



Marymia

- Limited exploration and drilling programs have previously been undertaken across the Marymia project area by other companies.

A summary of the historic anomalous gold and nickel intersections is outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010.

Plutonic Operations Limited's technical reports submitted to the WA Department of Mines and Petroleum for tenement E52/533 (which now forms part of Australian Mines' tenement E52/2395) are referenced in the accompanying report.

Geology

- Deposit type, geological setting and style of mineralisation.

Foothills

- The targeted deposit style at Foothills is shear-hosted Archaean gold and copper mineralisation.

The Foothills prospect is located on the southern section of the Mount Magnet Archaean greenstone belt.

Marymia

- Australian Mines are targeting three types of mineral deposits at Marymia;
 - (i) DeGrussa-style volcanogenic massive sulphide copper-gold,
 - (ii) Kambalda-style komatiite-hosted nickel sulphide, and
 - (iii) Plutonic-style Archaean gold.

The Marymia project overlies the Baumgarten Greenstone Belt, which is the interpreted northern extension of the Eastern Goldfields Province of the Yilgarn Craton.

The geology of the Marymia Project comprises an Archaean greenstone sequence of basalts and komatiitic ultramafic rocks.



Drill hole Information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
 - easting and northing of the drill hole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
 - dip and azimuth of the hole
 - down hole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.
- Refer to Appendix 1 of the accompanying report.

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
- The assumptions used for any reporting of metal equivalent values should be clearly stated.
- Any reported intersections of Australian Mines' drilling results are based on a regular sample interval of 1 metre.

Where quoted, gold intersections are based on a minimum gold threshold of 0.5 g/t Au, and copper and/or nickel intersections are based on a minimum threshold grade of 0.5% Cu and/or Ni.

No upper cuts are applied and a maximum internal dilution of three metres is used for any intersection calculations.

No metal equivalents have been used in this report.

Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
- If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
- If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').
- There is insufficient understanding of the bedrock geology at present to determine the true thickness of any reported drill intersections.

Any intersections included in this report are down hole lengths. The true widths of these intersections are not known.



Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.
- Appropriate maps and sections are included in the body of this report.

Balanced reporting

- Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.
- The accompanying document is considered to represent a balanced report.

Other substantive exploration data

- Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.
- Other exploration data collected by the Company is not considered as material to this report at this stage. Further data collection will be reviewed and reported when considered material.

Further work

- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.

Foothills

- Australian Mines is currently reviewing the exploration results from the Foothills prospect.

Future exploration work may include drill testing the reported sub-audio magnetic anomaly at Foothills.

Marymia

- As announced on 17 October 2014, Australian Mines has commenced an expanded electromagnetic survey of the northern continuation of the Simmons ultramafic sequence in addition to a number of other nickel targets within the project area.

Future exploration work may also include drill testing any resulting geophysical anomaly, as well as the interpreted depth extensions of known mineralisation.

Competent Person's Statement

Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 styles of mineralisation and types 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.