Australian Mines Limited

QUARTERLY ACTIVITIES REPORT

For Period Ended 31 December 2014

ASX: AUZ **27 January 2015**

HIGHLIGHTS

Marymia Project

Nickel exploration

- **Detected strong bedrock conductor below nickel oxide mineralisation at Burton prospect**
  - **4m @ 1.07% nickel intersected by historic drilling above this conductive body**
  - **1500 x 600m nickel-copper-platinum-palladium soil anomaly coincident with target**

- **Identified bedrock conductor beneath nickel-copper soil anomaly at Wyman prospect**
  - **Coherent 1,200m x 800m nickel-copper anomaly present above the conductor**
  - **Favourable high-magnesium ultramafic rocks present across the target area**

Copper exploration

- **Confirmed the presence of a cluster of EM conductors along Jenkin Fault at Marymia**
  - **Supergene copper-lead-zinc oxide anomaly overlies these bedrock conductors**
  - **Modelling of late-time conductors currently in progress**

Forward program

- **Drill testing of priority nickel, copper and gold targets commencing March 2015**

Corporate

- **Secured $150,000 funding grant from the Western Australian State Government**
  - **Considered strong endorsement of the Marymia Project**

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Australian Mines Limited ("Australian Mines" or "the Company") is pleased to provide shareholders its Quarterly Activities Report for the period ended 31 December 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.

The Marymia Project is similarly located 40 kilometres east of Northern Star's Plutonic Gold Mine – a mine that has been in continuous production for over 20 years, producing over 5 million ounce of gold to date[1].

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.

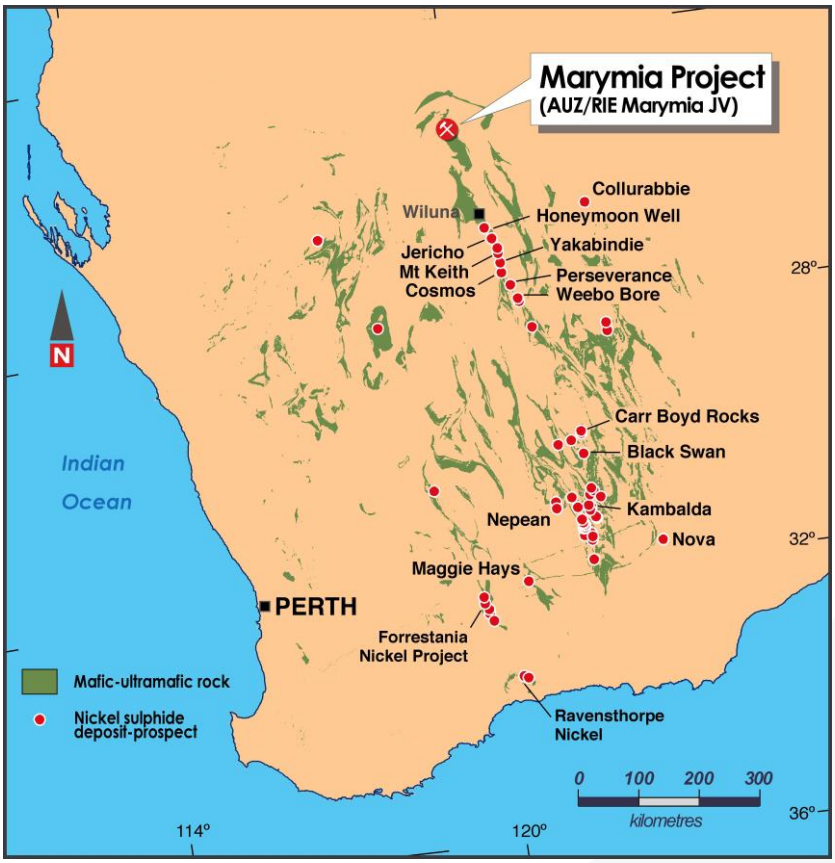

Figure 1: Australian Mines' Marymia Project is located approximately 900 kilometres northeast of Perth. Considered the northern continuation of the Norseman-Wiluna nickel belt, the rocks at Marymia are understood to be similar to those hosting the world-class Kambalda nickel sulphide deposits. This Norseman-Wiluna greenstone belt, which extends through the Company's Marymia Project, similarly hosts the majority of Australia's Archaean lode gold deposits including the famous Kalgoorlie Golden Mile (containing the Super Pit).

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

Nickel sulphide exploration

The Marymia Project hosts a sequence of folded komatiitic (ultramafic) rock with a combined strike length of 20 kilometres.

Independent researchers have previously concluded that the ultramafic sequence at Marymia may represent the northern continuation of the Norseman-Wiluna nickel belt, which is reportedly the richest komatiite-hosted nickel belt in the world[2] (Figure 1).

Recognising the nickel potential of the Marymia Project, a previous explorer completed an initial wide-spaced drilling campaign across the project area. This first-pass reconnaissance drilling program successfully returned a number of nickel oxide intersections, including **8 metres @ 1.05% nickel** from 16 metres (drill hole K5-6), **4 metres @ 1.07% nickel** from 28 metres (drill hole NKB0724) and **13 metres @ 0.74% nickel** from 28 metres (drill hole K5-7)[3].

A comprehensive multi-element soil sampling program was subsequently commissioned across the Marymia project area resulting in four large-scale, high amplitude nickel-copper anomalies being delineated. These geochemical anomalies were labelled targets MM001, MM004, MM007 and MM009[4].

Each of these four geochemical anomalies returned peak soil assay values in excess of 700ppm nickel and 300ppm copper. These values are not dissimilar to the peak soil response obtained by Sirius Resources over their Nova nickel sulphide deposit prior to its discovery in 2012 (being 568ppm nickel and 303ppm copper)[5].

Encouraged by the positive exploration results returned from the Marymia Project to date, Australian Mines therefore completed a high-resolution ground electromagnetic (EM) survey over selected nickel targets during the December quarter.

Burton Nickel Prospect

As reported by Australian Mines on 18 November 2014, this high-resolution EM survey successfully identified a strong late-time conductor adjacent to the MM009 geochemical anomaly in north of the Marymia project area, which the Company subsequently named the *Burton prospect* (Figure 2).

Importantly, the bedrock conductor detected at the Burton prospect is situated directly beneath a thick layer of nickel oxide mineralisation (**22 metres @ 0.58% nickel from 22 metres**)[6], which was intersected during an historic scout drilling program (Figure 3). Interestingly, this supergene nickel intersection at the Burton prospect appears similar to initial drill results returned from the oxide layer above Sirius Resources' Nova nickel deposit, which were typically 20 metres @ 0.57% nickel from 8 metres[7].

[2] Hoatson et al., 2006, Nickel sulphide deposits in Australia, *Ore Geology Reviews*, 29, 177-241
[3] Riedel Resources Limited, 2013 Annual Report, released 12 September 2013
[4] Falcon Minerals Limited, AGM Presentation, released 9 November 2009
[5] Sirius Resources NL, Mines and Money London Presentation, released 2 December 2011
[6] Riedel Resources Limited, 2013 Annual Report, released 12 September 2013
[7] Sirius Resources NL, Nickel-copper-cobalt discovered in first drilling at the Eye prospect, released 25 October 2011

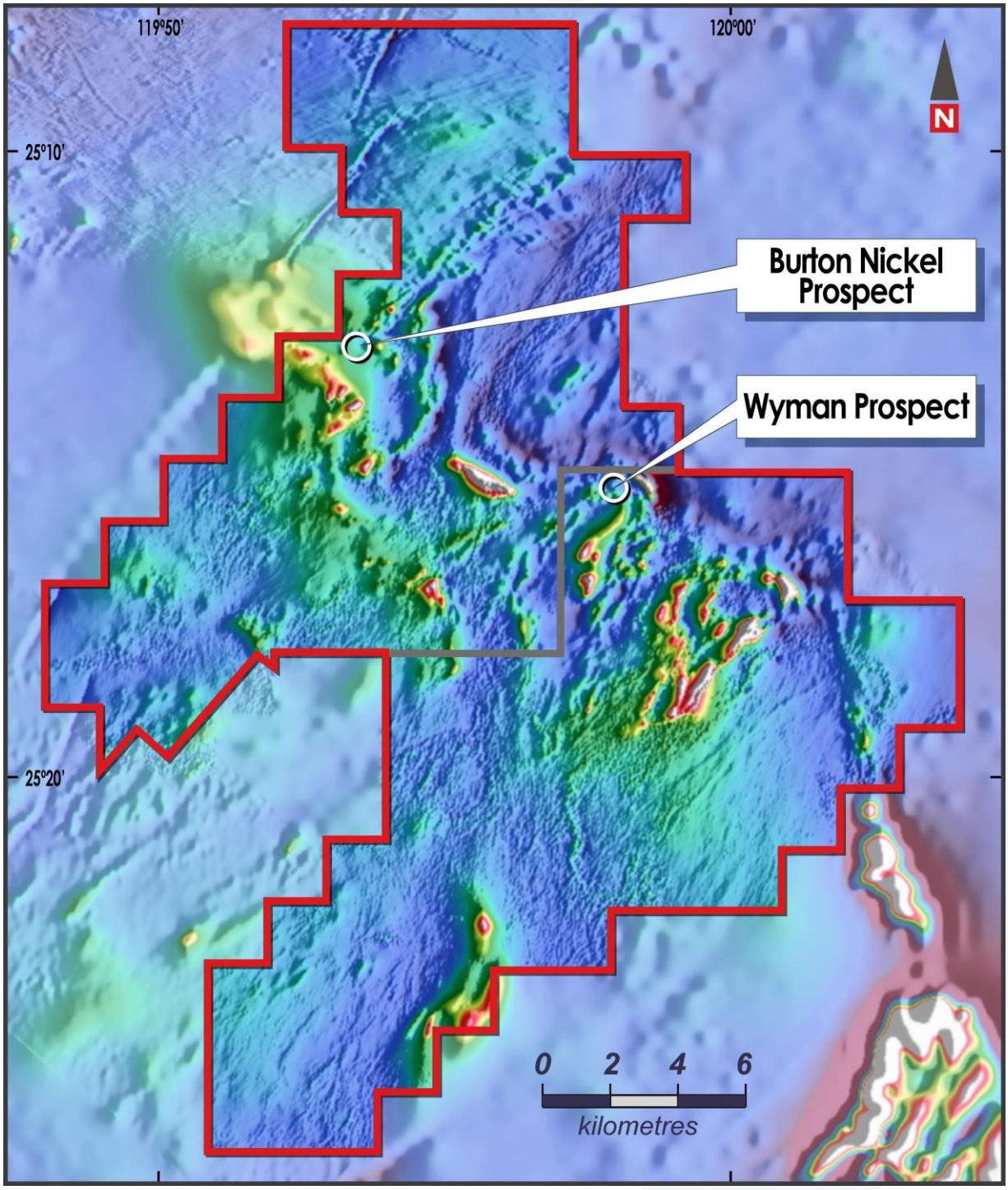

Figure 2: Indicative location of the newly detected conductive body (Burton prospect) superimposed over a coloured image of the high resolution aeromagnetic data. A second priority bedrock conductor (Wyman prospect) was also detected during the high-resolution electromagnetic survey completed by the Company during the December quarter. Both conductors represent priority nickel sulphide targets and are scheduled to be drill tested by Australian Mines in March 2015.

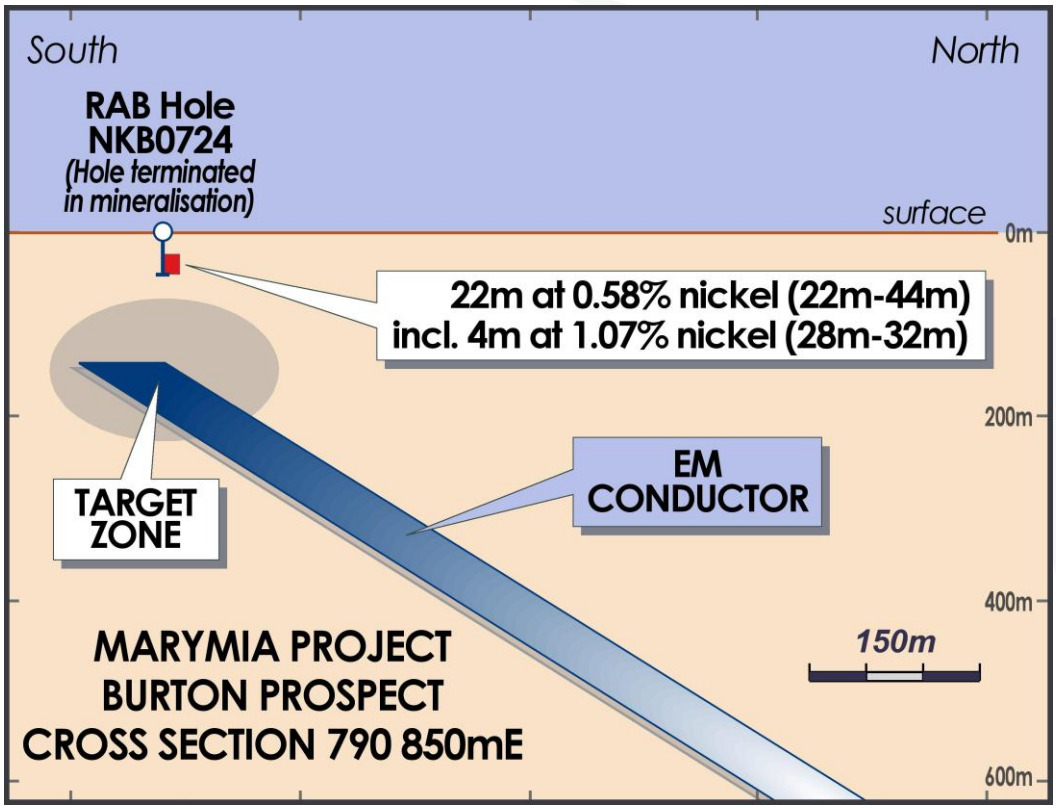

Figure 3: Position of the modelled EM conductor (in blue) immediately below historic drill hole NKB0724. Rotary air blast drill hole NKB0724 intersected a thick layer of nickel oxide mineralisation (shaded red) close to surface. This drill hole terminated in nickel oxide mineralisation (0.6% nickel) indicating that the layer of oxide mineralisation may be thicker than that reported by this drill hole. Australian Mines proposes to drill test the target zone near the top of the modelled conductor (shaded grey) in March 2015.

Modelling of the newly identified Burton prospect indicates that the top of the conductive body occurs at a depth of 140 metres from the surface. Drill testing of this high priority nickel sulphide target is anticipated to commence in March 2015.

Wyman Nickel Prospect

Following the announcement of the Burton prospect, Australian Mines advised shareholders on 25 November 2014 that the Company's ground-based EM survey had also identified a discrete bedrock conductor below the nickel-copper geochemical anomaly of MM001 (Figure 2).

This target, named the *Wyman prospect*, is located on the northern extension of the high-magnesium ultramafic sequence intersected by Australian Mines during its August 2014 drill campaign at the Simmons prospect. High-magnesium ultramafic rocks are the prerequisite geology for Kambalda-style nickel deposits.

Modelling indicated that this conductive body has a strike length of 400 metres and is approximately 160 metres from surface.

Analysis of the geology and drill assays returned from Australian Mines' 2014 drilling program at Simmons suggests that the Company's initial diamond core holes (SMDD001 and SMDD002) may have been located within the "Flanking Zone" of the ultramafic sequence (Figure 4).

The presence of the newly-identified bedrock conductor coincident with the high amplitude and laterally coherent nickel-copper geochemical anomaly may mean the Company is vectoring in on the desired "Ore Zone" or "Main Zone" of the komatiitic sequence (depicted in the conceptual schematic Figure 4). Australian Mines is presently finalising its detailed geological study of Wyman prospect area before seeking to drill test this target in the coming months.

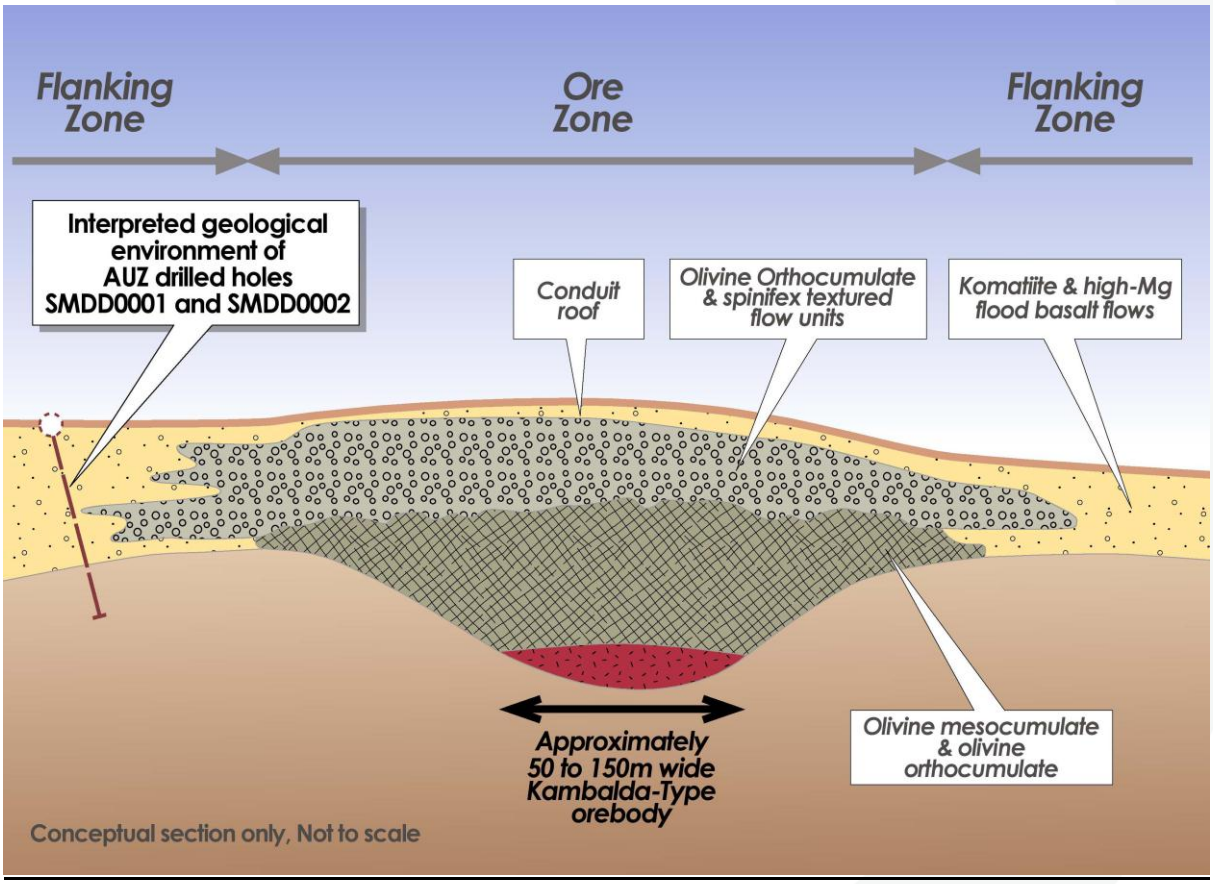

Figure 4: Schematic cross-section of a typical Kambalda-style nickel deposit. Analysis of Australian Mines' maiden drilling program at its Marymia Project suggests that the Company's diamond core holes (SMDD001 and SMDD002) were located within the Flanking Zone of the ultramafic sequence. The newly detected bedrock conductor at the Wyman prospect, located 6 kilometres northwest of drill holes SMD001 and SMDD002 may represent a priority nickel target within the preferred "Ore Zone" sequence. (Image modified from Hoatson et al., 2006, Nickel sulphide deposits in Australia, *Ore Geology Reviews*, 29, 177-241).

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[8].

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 Fault[9].

Potentially recognising the importance of the Jenkin Fault for copper-gold mineralisation, over the past two years Sandfire Resources has significantly increased its foothold in this region via joint venture agreements with Talisman Mining, Ventnor Resources and most recently with Sipa Resources.

As a result of this ground consolidation, Australian Mines now holds the only remaining section of Jenkin Fault east of the DeGrussa Copper-Gold Mine that is not currently managed by Sandfire Resources (Figure 5).

VMS-style ore bodies, of which DeGrussa in an example, typically occur in clusters around multiple centres of mineralisation[10]. The 20-kilometre strike length of the Jenkin Fault present within Australian Mines' Marymia Project, therefore, has the potential to host possible repetitions of DeGrussa-style mineralisation.

Australian Mines announced in October 2014 that an historic 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 area[11].

Assays returned from this historic drilling included **1 metre @ 1% lead + 0.1% zinc + 220ppm copper** from 18 metres (drill hole PYRB363) in addition to broader base metal anomalies in the oxide layer 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)[12].

A subsequent ground-based EM survey over these supergene base metal anomalies by Plutonic Operations Limited in 1996 successfully identified a cluster of four moderately conductive bodies proximal to the Jenkin Fault, in an area that now forms part of the Australian Mines' Marymia Project[13].

The source of these four historic EM anomalies along the Jenkin Fault remains untested by drilling.

Australian Mines has, therefore, designed a first-pass reverse circulation (RC) drill program over these coincident EM and base metal anomalies, with drilling anticipated to commence from March.

[8] Sandfire Resources NL, 2013 Annual Report, released 29 October 2013
[9] Thundelarra Limited, Presentation at Noosa Mining and Exploration Conference, released 17 July 2014
[10] Sandfire Resources NL, Quarterly Activities Report, released 21 October 2009
[11] Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1995 to 02/07/1996
[12] Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1994 to 02/07/1995
[13] Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1996 to 02/07/1997

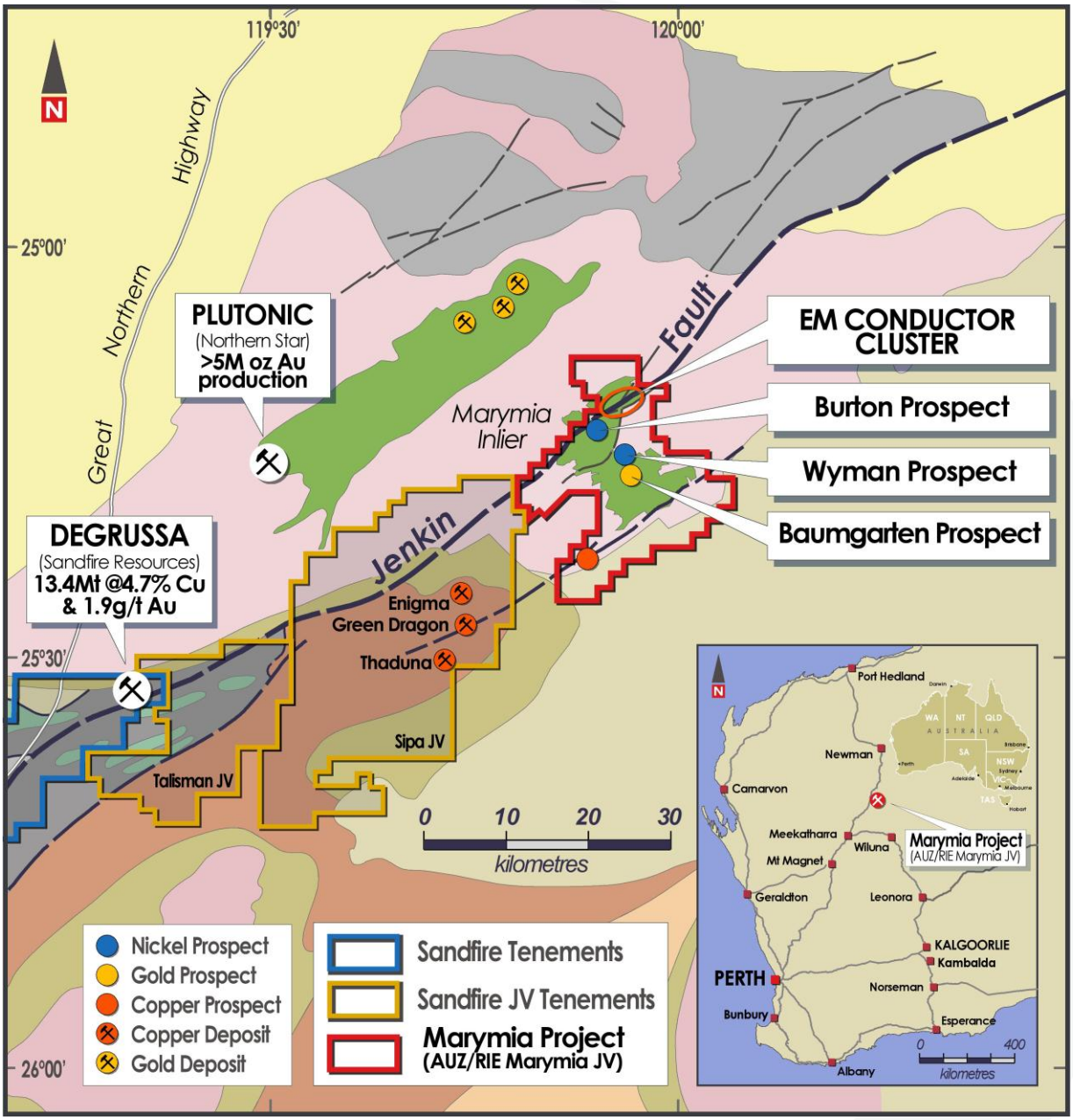

Figure 5: Schematic geological map of the Marymia region of Western Australia. The Jenkin Fault, being the primary controlling structure of Sandfire Resources' DeGrussa copper-gold deposit is known to continue through Australian Mines' Marymia project area to the east. An electromagnetic survey conducted 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.

Gold exploration

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

It has long been recognised that the geology within Australian Mines' Marymia Project is a repetition of the auriferous greenstone belt that hosts the nearby Plutonic gold deposits[14].

Yet despite this favourable geology, the presence of historic gold mines and several large zones of supergene gold anomalism, very little exploration has previously been undertaken across the Marymia project area.

Work completed by Australian Mines during the December quarter has identified a northeast-trending vein set within the Baumgarten gold prospect at Marymia. These steeply-dipping veins, noted during the Company's recent geological modelling of the project's drilling database, were traced for a least 600 metres and appear to be overlain by a broad oxide gold blanket.

Previous drilling of this near-surface oxide blanket returned a number of promising intersections including **3 metres** @ **9.53 g/t gold** from 51 metres (drill hole BRC23) and **2 metres** @ **7.15 g/t gold** from 31 metres (drill hole RB620)[15].

With the Baumgarten prospect potentially hosting high-grade primary gold mineralisation below the supergene gold layer, Australian Mines is therefore proposing to undertake a shallow diamond core drilling program of this interpreted mineralised zone as part of the Company's upcoming Marymia drill campaign.

Marriotts Nickel Project

The Marriotts Project hosts a shallow nickel sulphide deposit[16] and is located 70 kilometres south of BHP Billiton's nickel mining centre at Leinster, Western Australia.

No work was undertaken at the Company's Marriotts Nickel Project in the past quarter.

Jumbulyer Project

Foothills gold and copper prospect

In December 2014, Australian Mines advised shareholders that the Company had withdrawn from the Jumbulyer / Foothills Farm-in and Joint Venture Agreement with Mount Magnet South NL.

The decision to withdraw from this joint venture enables the Company to focus exclusively on the prospective Marymia Project where recently exploration by Australian Mines has identified a number of priority nickel, copper and gold targets across the project area.

[14] Riedel Resources Limited, Marymia Project – Exploration Results and Update, released 10 February 2012
[15] Riedel Resources Limited, 2012 Annual Report, released 6 September 2012
[16] Australian Mines Limited, Addendum to 2014 Annual Report, released 29 December 2014

Nigerian Gold Project

The detailed technical review completed by the Company in 2013 concluded that the thickness and continuity of the mineralisation within its Nigerian tenements appears insufficient to support a commercially viable gold mining operation.

Australian Mines, therefore, disposed of its Nigerian exploration assets this month.

Corporate

During the December quarter, the Company received notification from the Western Australian Department of Mines and Petroleum (DMP) that they had agreed to co-fund the next phase of exploration at Marymia.

Through this co-funding agreement, the DMP will contribute a total of $150,000 to Australian Mines' exploration program with the funds to be allocated to the Company's upcoming drill program at its Baumgarten gold prospect.

Australian Mines' success in securing this funding grant from the Western Australian Mines Department is considered a strong endorsement of the Company's technical team and the underlying mineral potential of the Marymia Project.

****ENDS*****

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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.

About Australian Mines:

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting nickel, copper and gold deposits. The company is currently acquiring an interest in the Marymia Project in Western Australia, which has demonstrated the potential to host gold and base metal mineralisation.

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

Australian Mines signed a Heads of Agreement with Riedel Resources in 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 DeGrussa-style VMS copper-gold mineralisation, Australian Mines is also 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.

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Appendix 1: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
NIGERIA				
Zamfara	Kasele	EL9447	Disposed	0%
Zamfara	Yargarma	EL8732	Disposed	0%
Zamfara	Yargarma	EL9449	Disposed	0%

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	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

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Jumbulyer	Farm-In and Joint Venture	AUZ and MUM	0%	Withdrawal announced December 2014

Appendix 2: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• 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.	• Gem Geophysics completed a ground-based moving loop electromagnetic survey over the Marymia Project on behalf of Australian Mines between October and December 2014. The transmitters for this geophysical survey were 200 metre by 200 metre single turn loops (decreasing to 100 metre by 100 metre loops for the in-fill survey) with a SMARTem 24 system used as the receiver. The line spacing for this survey was 100 to 200 metres. The along line station spacing for the initial survey was 100 metres. This station spacing tightened to 50 metres for the in-fill survey lines. At least two readings were acquired at each station in order to ensure data repeatability. Quality assurance and quality control (QA/QC) of the electromagnetic data was independently verified by Southern Geoscience Consultants in Perth. • Assay results related to historic drilling and/or soil sampling were sourced from ASX announcements released by previous tenement holders. Footnotes and references for historic samples or assays are provided in the main body of this report. Australian Mines is unable to comment on the representivity and appropriate calibration of the analytical tools and analysis used during previous drill and soil sampling programs.
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.)	• The historic drill data reference in this report is rotary air blast, with the exception of drill hole BRC23 (referred to within *Gold exploration* under the Marymia Project) which was a shallow reverse circulation drill hole.

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.	• Australian Mines is unable to comment on the method of recording and assessing drill chips, and sample recoveries from historic drilling at Marymia. Based on available reports, it is assumed that the historic drill samples referenced in this report were taken at one metre intervals. No records of sample recoveries were identified in previous reports and it is not possible to determine if a relationship exists between recovery and grade.
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.	• Historic drill chips at Marymia were geologically logged at one metre intervals. Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage. Logging of rotary air blast drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information. From the available historic reporting, 100% of the rotary air blast drill chips were logged.
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.	• Australian Mines is unable to comment on the manner in which historic drill chips were sampled, or the preparation techniques applied during collection. Australian Mines is unable to comment on quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Australian Mines is unable to comment if field duplicates were collected, or whether sample sizes were appropriate to the grain size of the material being sampled.

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.	• The survey parameters and geophysical equipment used by Gem Geophysics for the moving loop electromagnetic survey at Marymia includes: **Survey Parameters** Survey direction: northwest-southeast Station spacing: 200 metres (first-pass) 50 metres (in-fill lines) **Receiver** Receiver: SMARTem 24 dB/dt sensor: 3-component B-field magnetometer Component: X,Y,Z **Transmitter** Transmitter: Zonge ZT-3 (modified) Transmitter loop: 200 metres (first pass) Transmitter frequency: 1 Hertz Transmitter current: 28 Amps At least two readings were acquired at each station in order to ensure data repeatability. The moving loop system is fully calibrated and daily tests were carried out to ensure data quality. • Australian Mines is unable to comment on the quality, nature and appropriateness of the assaying and laboratory procedures used by previous explorers during their drill programs.
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.	• All primary analytical data acquired by Gem Geophysics during the moving loop electromagnetic survey were recorded digitally and sent in electronic format to Southern Geoscience Consultants in Perth for independent quality control and evaluation. • Australian Mines is unable to comment on the documentation, data entry procedures and data storage protocols used by the previous explorers during their drilling programs. No twinned hole drilling is proposed by Australian Mines at this stage. Only historic assay data released by previous explorers have been used by Australian Mines. No adjustments have been made to historic 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.	• The data points of Gem Geophysics' moving loop electromagnetic survey were located using standard GPS positioning. Drill hole collar locations 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.	• The line spacing for the moving loop electromagnetic survey was 100 to 200 metres. The along line station spacing for the initial survey was 100 metres. This station spacing tightened to 50 metres for the in-fill survey lines. • Historic drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration. Based on the information contained within historic ASX announcements of previous explorers, it is assumed that no sample composting was applied to the historic drill samples.
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.	• Australian Mines is targeting komatiite-hosted nickel sulphide, DeGrussa-style copper-gold and Plutonic-style gold mineralisation at Marymia. The orientations of any drilling completed by Australian Mines are designed to intersect the proposed target 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.	• All data acquired from the Marymia moving loop electromagnetic survey was independently reviewed by an experienced geophysicist at Southern Geoscience Consultants. No independent audit of the historic drilling assays has been completed to date.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• 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.	• 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.	• 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 also referenced in the accompanying report.

Geology	• Deposit type, geological setting and style of mineralisation.	• 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: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o 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.	• Summary of historic exploration results, including a tabulation of the Material drill holes for the project are outlined in the ASX announcement released by the previous explorer Riedel Resources on 12 September 2013.
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.	• Based on the information contained within Riedel Resources' announcement of 12 September 2013, it is assumed that the mean grades of the historic drill results referred to in this report have been calculated using a 0.3% nickel lower cut-off grade, no upper cut-off grade and a maximum internal waste of four metres. 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. Comprehensive report of the historic Exploration Results relied on by Australian Mines in this report are provided in Riedel Resources' Prospectus released via the ASX on 23 November 2010.
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 material to this report at this stage. Further data collection will be reviewed and reported when considered material. Historic exploration has been undertaken at this location by previous explorers with the results summarised in Riedel Resources' Prospectus released via the ASX on 23 November 2010.
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.	• Future exploration work may include the drill testing of geophysical anomalies and/or structural targets, as well as the interpreted depth extensions of known mineralisation.