

**ASX ANNOUNCEMENT****ASX : AUZ****10 July 2015**

Australian Mines completes \$525,000 placement – Doolgunna - Marymia drill program fully funded

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to advise that the Company has today completed a placement of 105 million ordinary fully paid shares at an issue price of 0.5 cents each, raising \$525,000 before costs.

This Placement, which was made to professional and sophisticated investors pursuant to Section 708 of the Corporations Act 2001 (Cth) (Act) and in accordance with Listing Rule 7.1 of the ASX Listing Rules, ensures the next phase of the Company’s exploration program at its Doolgunna-Marymia project in Western Australia remains fully funded.

Australian Mines’ Doolgunna-Marymia project, which is situated approximately 900 kilometres north of Perth, covers more than 1,300 square kilometres of prospective geology and immediately adjoins Sandfire Resources’ Doolgunna project area – home to their DeGrussa Copper-Gold Mine.

Last month, Sandfire Resources announced that a diamond core drill hole designed to test a subtle electromagnetic (EM) anomaly at their Monty prospect, 10 kilometres east of their DeGrussa Copper-Gold Mine, had successfully intersected a wide zone of massive copper sulphide at depth¹.

Analysis of this drill hole (TLDD004A) subsequently indicated that Sandfire Resources’ diamond core drill hole had intersected 16.5 metres @ 18.9% copper and 2.1g/t gold from 409.5 metres downhole² and confirmed the Doolgunna region’s status as an emerging VMS province with the potential to host multiple clusters of copper-gold ore bodies³.

Australian Mines has previously reported that an EM survey completed over the Company’s Burton prospect had successfully detected a late-time bedrock conductor beneath a laterally extensive soil anomaly⁴ and copper oxide mineralisation (4 metres @ 0.23% copper from 18 metres down hole⁵).

Due to tenement boundary constraints that existed at the time of the Company’s first-pass reverse circulation (RC) drill program at Doolgunna-Marymia, Australian Mines was unable to drill test the source of the conductor at Burton. Instead, the Company was only able to site a drill hole on the extreme

¹ Sandfire Resources NL, Doolgunna Project – Exploration update, released 17 June 2015

² Sandfire Resources NL, Doolgunna Project – Assay results, released 25 June 2015

³ Talisman Mining Limited, Investor Presentation – July 2015, released 30 June 2015

⁴ Australian Mines Limited, Presentation – Mines and Money London, released 2 December 2014

⁵ Galtrud Pty Ltd, Annual Report for tenements E52/592, P52/797 to 799, submitted to the Western Australian Department of Mines and Petroleum, November 1995



eastern edge of the geophysical anomaly resulting in the drill hole (MMRC003) being positioned approximately 130 metres southeast of the primary target zone.

Encouraging, this initial drill hole at Burton intersected **21 metres @ 0.05% copper + 0.21% zinc from 193 metres** downhole⁶.

This intersection is not dissimilar to the assays reported from Talisman's RC drilling at their Monty prospect where drill hole SPRC134, for example, which was located within 150 metres of Sandfire Resources' subsequent discovery hole (TLDD004A) returned 49 metres @ 0.03% copper from 87 metres down hole⁷.

Having since addressed the tenement boundary issues through the recently announced joint venture with Lodestar Minerals⁸, Australian Mines is presently finalising the necessary preparations to undertake an RC drill program and complementing down hole electromagnetic (DHEM) survey over the primary source of the buried conductor at its Burton prospect this quarter.

In addition to the Burton prospect, Australian Mines also proposes to drill test its advanced Little Well copper prospect similarly located within the Company's Doolgunna-Marymia project area.

Surface mapping of the Little Well prospect in 2012 discovered outcropping copper mineralisation over a 200 metre strike length, which subsequently assayed 3.3% copper⁹.

Significantly, this outcropping copper mineralisation at Little Well is only 3 kilometres from Sandfire Resources' Thaduna Copper Mine and appears within a similar structural setting as Sandfire Resources' neighbouring copper deposit.

Despite the presence of outcropping copper and its favourable geological setting, no bedrock drilling has been previously undertaken across the Little Well prospect area, nor has the target zone been covered by an applicable EM survey.

Managing Director Benjamin Bell commented, "The Doolgunna region of Western Australia is emerging as a significant VMS copper-gold province with the potential to host multiple clusters of ore bodies across the region. Australian Mines, with a ground holding that now exceeds 1,300 square kilometres, has a substantial footprint in this region.

The occurrence of outcropping copper mineralisation at the Company's Little Well prospect together with the presence of copper anomalism near the Burton bedrock conductor suggests the Company's Doolgunna-Marymia project has the potential to host possible repetitions of the DeGrussa and Monty copper-gold mineralisation.

⁶ Australian Mines Limited, Copper & zinc mineralisation intersected at Marymia, released 18 June 2015

⁷ Talisman Mining Limited, Springfield exploration update, released 7 September 2011

⁸ Australian Mines Limited, Australian Mines increases Marymia ground holding, released 11 June 2015

⁹ Lodestar Minerals Limited, Significant copper and gold targets at Ned's Creek, Peak Hill-Doolgunna Project, released 16 November 2012



Following the recent completed share placement, which raised \$525,000 before costs, Australian Mines' upcoming field campaign, which includes RC drilling and down hole surveying of its priority copper targets, remains fully funded.

The Company anticipates commencing this next phase of its exploration program in the coming weeks and we look forward to updating shareholders on the progress of these activities as results come to hand.

Australian Mines would also like to take this opportunity to welcome the professional and sophisticated investors who recently became shareholders via the recently completed share placement as well as acknowledge the on-going support the Company receives from its existing shareholders".

*****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 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.

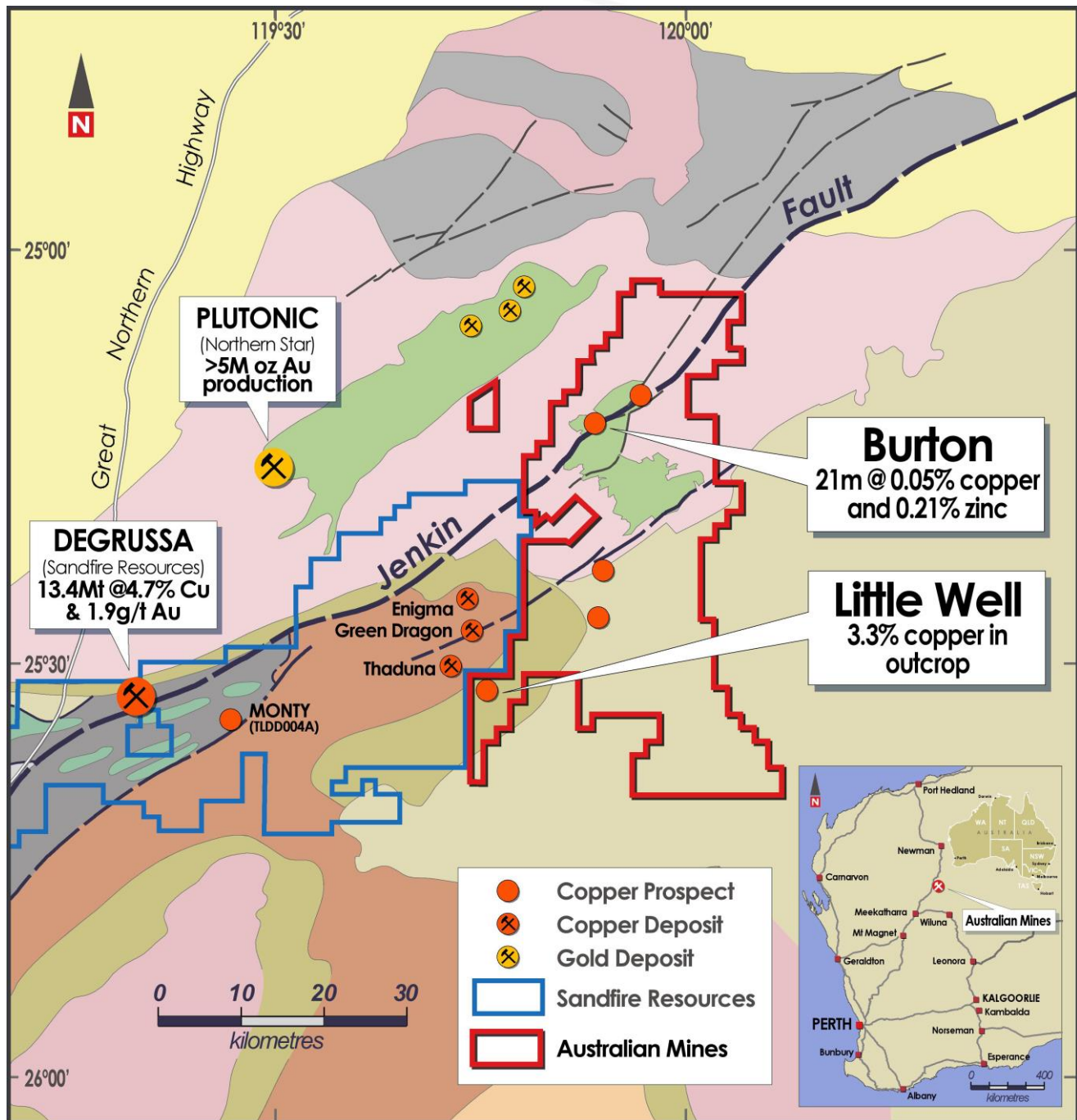


Figure 1: In May 2015, Australian Mines drilled a single reverse circulation (RC) hole into the interpreted eastern edge of a bedrock conductor at Burton. This drill hole (MMRC003) intersected 21 metres @ 0.05% copper + 0.21% zinc from 193 metres downhole. This result appears consistent with the initial RC drill results returned from Sandfire / Talisman's Monty prospect¹⁰ where Sandfire recently reported diamond core drill hole TLDD004 intersected 16.5 metres @ 18.9% copper and 2.1g/t gold from 409.5 metres downhole¹¹. Australian Mines is proposing to undertake follow-up drilling and geophysical surveys over the Burton prospect in the coming quarter.

¹⁰ Talisman Mining Limited, June 2010 Quarterly Report, released 29 July 2010

¹¹ Sandfire Resource's NL, Doolgunna Project – Assay results, released 25 June 2015

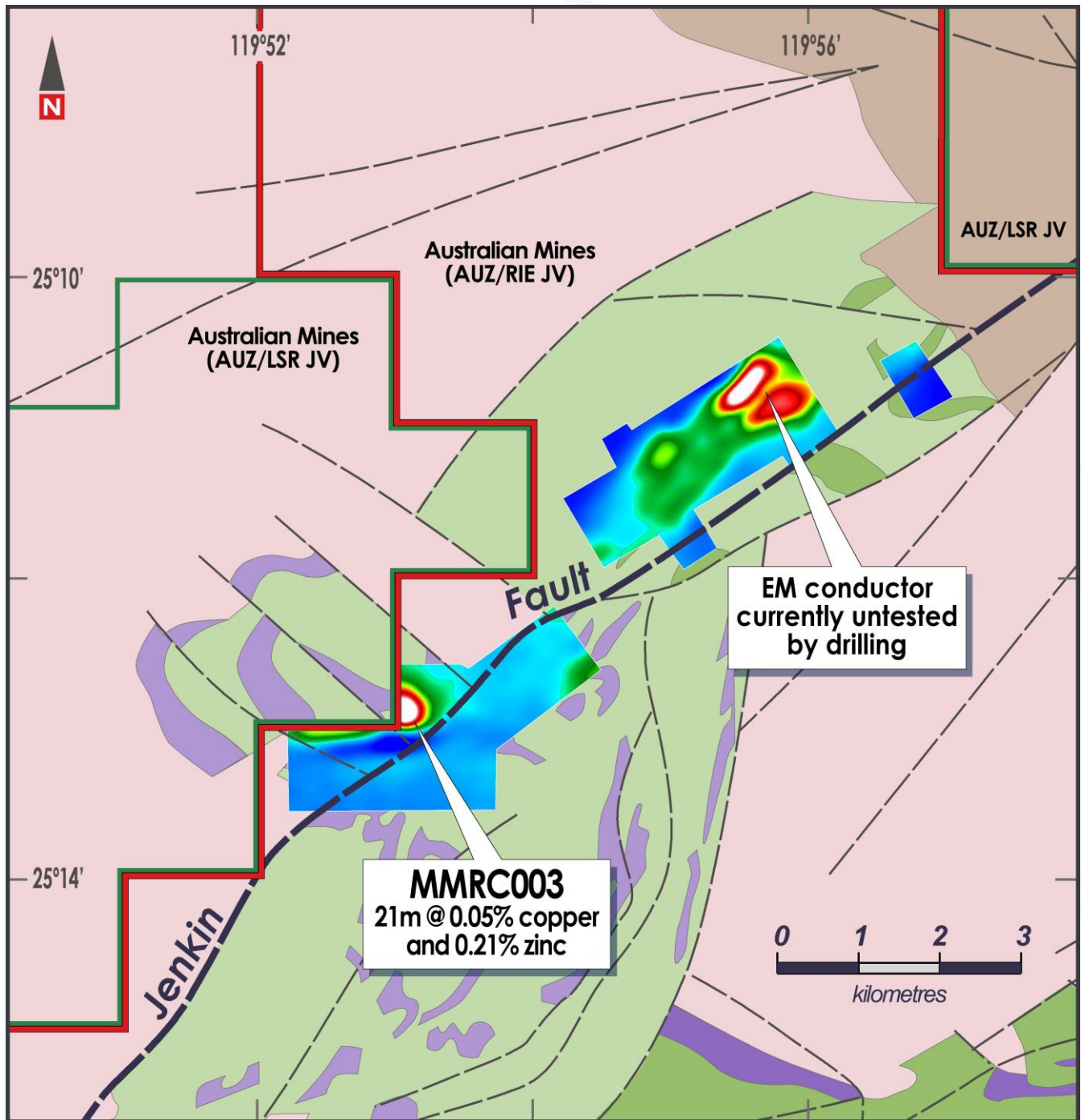


Figure 2: A ground-based electromagnetic (EM) survey completed over a section of the Jenkin Fault covered by Australian Mines' Doolgunna-Marymia Project successfully detected a late-time bedrock conductor at the Burton prospect. Due to the target's close proximity to the Company's then tenement boundary, Australian Mines drilled a single, sub-optimal RC hole (MMRC003) into the eastern edge of this conductor, which intersected anomalous copper and zinc mineralisation. Following the recently announced joint venture with Lodestar Minerals¹², Australian Mines is proposing to drill test the interpreted main zone of the Burton conductor in the coming period.

¹² Australian Mines Limited, Australian Mines increases Marymia ground holding, released 11 June 2015

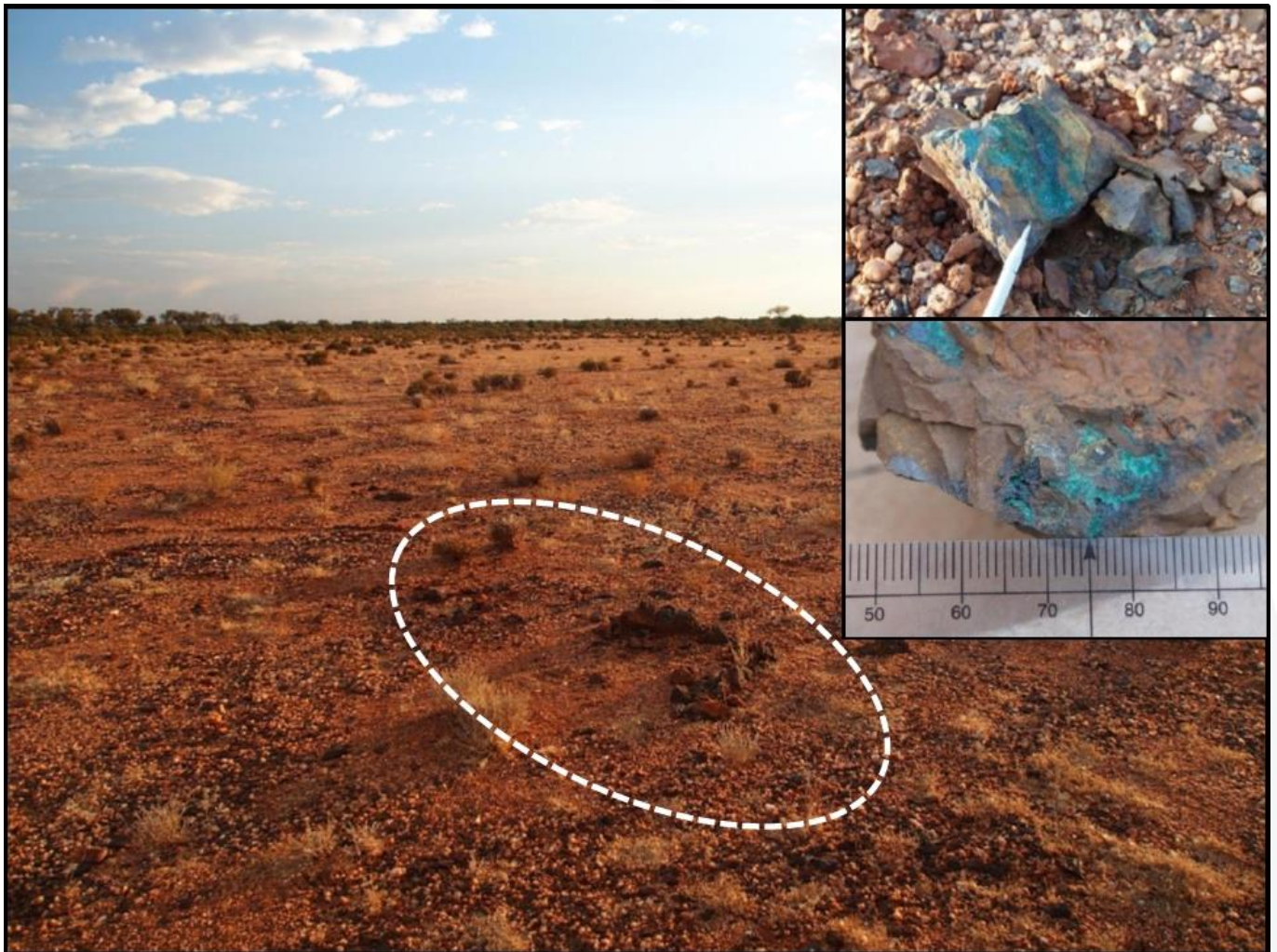


Figure 3: Copper mineralisation was discovered outcropping at the Company's Little Well copper prospect. This outcrop is located 3 kilometres from Sandfire Resources' Thaduna Copper Mine and rock samples taken from this site (see insert) subsequently assayed 3.3% copper¹³.

¹³ Lodestar Minerals Limited, Significant copper and gold targets at Ned's Creek, Peak Hill-Doolgunna Project, released 16 November 2012

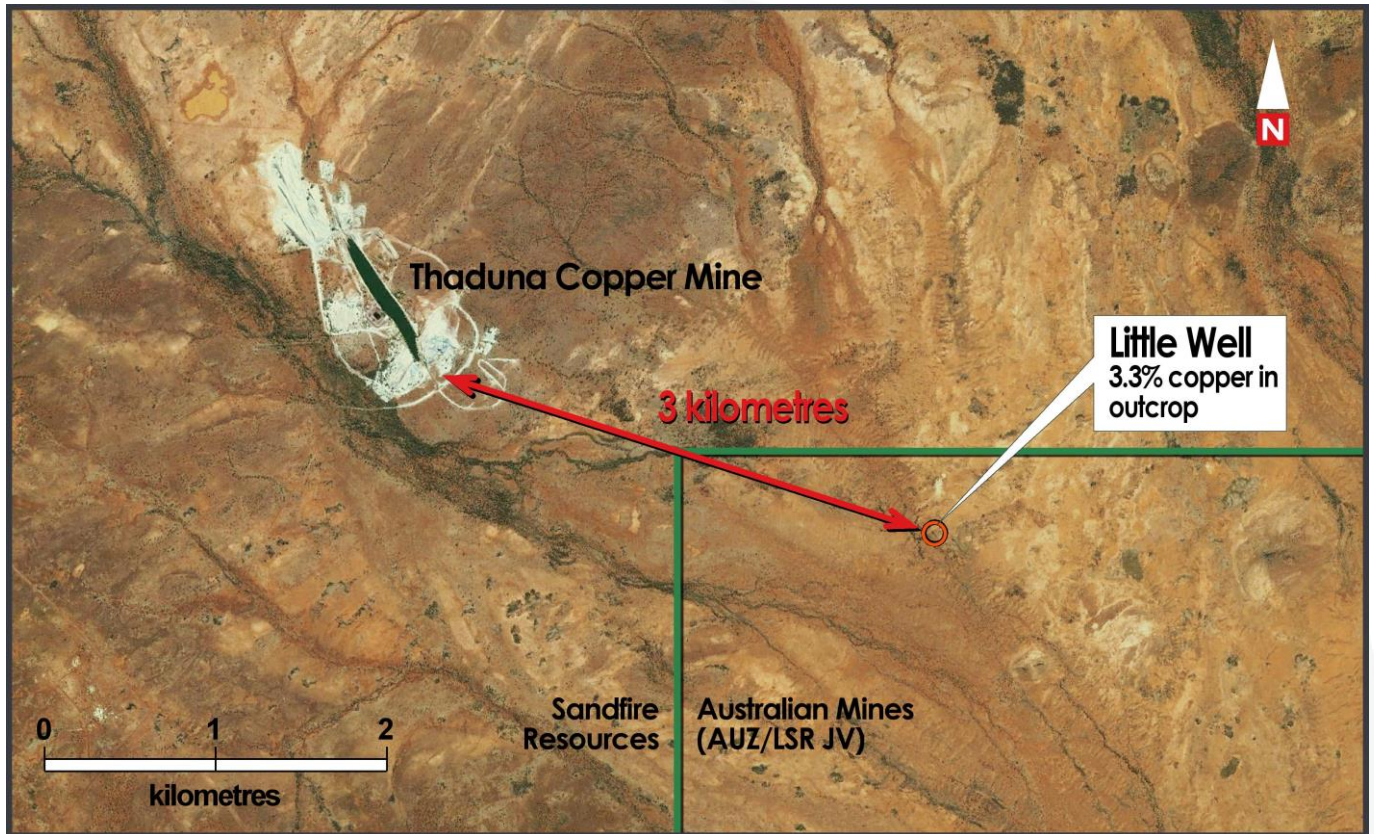


Figure 4: Australian Mines' Little Well copper prospect is located only 3 kilometres from Sandfire Resources' Thaduna Copper Mine. Despite the presence of copper mineralisation at surface, this target is currently untested by bedrock drilling or applicable electromagnetic survey methods.



About Australian Mines:

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting copper, nickel and gold deposits. The Company is actively exploring the Doolgunna-Marymia region of Western Australia, which has demonstrated the potential to host significant base metal and gold mineralisation.

Agreement to earn up to 80% interest in E52/2394 & E52/2395

Australian Mines signed a Heads of Agreement with Riedel Resources (ASX: RIE) in April 2014 covering the Marymia copper-nickel-gold project (tenements E52/2394 & E52/2395), located 55 kilometres northeast and along strike of Sandfire Resources' world class DeGrussa Copper-Gold Mine.

As announced on 29 May 2015, Australian Mines currently holds a 51% interest in these tenements and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.

Agreement to earn up to 80% interest in E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 & E52/2468

Australian Mines entered into a farm-in and joint venture agreement with Lodestar Minerals (ASX: LSR) in June 2015 in respect of All Minerals Excluding Gold within the tenements of E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 and E52/2468.

Under the terms of the Agreement announced on 11 June 2015, Australian Mines may acquire a 51% interest in these tenements by spending \$1 million on exploration within an initial two-year period and making a \$250,000 payment to Lodestar in December 2015. Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in these tenements by spending a further \$2 million on exploration within a further 24-month period.

